158

 1 BEFORE THE

 FLORIDA PUBLIC SERVICE COMMISSION

 2

 3 DOCKET NO. 070098-EI

 4 In the Matter of:

 5 PETITION FOR DETERMINATION OF NEED

 FOR GLADES POWER PARK UNITS 1 AND 2

 6 ELECTRICAL POWER PLANTS IN GLADES

 COUNTY, BY FLORIDA POWER & LIGHT

 7 COMPANY.

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 12

 13 VOLUME 2

 14 Pages 158 through 280

 15

 16

 PROCEEDINGS: HEARING

 17

 BEFORE: CHAIRMAN LISA POLAK EDGAR

 18 COMMISSIONER MATTHEW M. CARTER, II

 COMMISSIONER KATRINA J. McMURRIAN

 19

 DATE: Monday, April 16, 2007

 20

 TIME: Commenced at 9:30 a.m.

 21 Recessed at 5:40 p.m.

 22 PLACE: Betty Easley Conference Center

 Room 148

 23 4075 Esplanade Way

 Tallahassee, Florida

 24

 REPORTED BY: MARY ALLEN NEEL, RPR, FPR

 25

 APPEARANCES: (As heretofore noted.)

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 1 P R O C E E D I N G S

 2 (Transcript follows in sequence from

 3 Volume 2.)

 4 CHAIRMAN EDGAR: We will go back on the

 5 record. Thank you all. And when we went on our belated

 6 lunch break, we had a few more speakers who had signed

 7 up. And so, Ms. Brubaker, I'll ask you to go back to

 8 our list.

 9 MS. BRUBAKER: Certainly. Next to speak is

 10 Janice Blair.

 11 Thereupon,

 12 JANICE BLAIR

 13 was called as a public witness, and having been duly

 14 sworn, testified as follows:

 15 DIRECT STATEMENT

 16 MS. BLAIR: My name is Janice Blair.

 17 J-a-n-i-c-e, B-l-a-i-r. My address is 3383 Harrison

 18 Blue Road, Perry, Florida, 32348, as well as 354

 19 Northwest Sumpter Avenue in Lafayette County, Mayo,

 20 Florida. I'm attending school.

 21 What I would like to talk to you about today

 22 -- and I would like to say thank you for allowing me,

 23 and I would like to say I'm not nearly as nervous since

 24 it wasn't as hard last time, and I would like to thank

 25 you for that. What I want to talk to you about is

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 1 degrees of separation. I'm from Taylor County, but it

 2 is not an independent nation. Neither is Glades County.

 3 I also would like to speak to you about the

 4 future, my future. My future is a 15-year-old

 5 granddaughter who lives in Clay County, Florida. And

 6 today as I was sitting and listening to the testimony, I

 7 thought, isn't this interesting. St. Lucie County, Fort

 8 Pierce may be affected by the Glades County coal plant.

 9 Well, my granddaughter's grandfather lives there. Her

 10 step-grandmother lives there. Her Uncle Josh lives

 11 there. Her Aunt Mabel's family lives there. So there's

 12 not very many degrees of separation.

 13 Also, too, someone spoke about Palatka and a

 14 coal plant. My father was L. D. Blair. His brother is

 15 R. J. Blair, and his family lives in Palatka. My five

 16 brothers, my four sisters, my 43 nephews and nieces, my

 17 37 great-nephews and nieces -- and recently they told

 18 me, "Aunt Janice, you need to recount us" -- all live in

 19 Taylor County. They tell me I have been called an

 20 environmental activist, and I beg to differ with that,

 21 because I see myself as a family advocate. I see myself

 22 as coming here today in the hopes of protecting and

 23 giving voice about the health, welfare, and well-being

 24 of my family.

 25 But I also want to talk to you about our

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 1 money, because we are, as I said before, your silent

 2 consumer. I understand that Glades County has a lot of

 3 poverty. We've heard that this morning. And I'm sure

 4 that, just like our county of Taylor, that when we have

 5 a large rate of poverty, we rely on our state systems

 6 and our federal government. We rely on food stamps to

 7 feed our families that can't afford food. We rely on

 8 Medicaids and Medicares to purchase health insurance for

 9 our families, and that's our collective taxes. And

 10 anytime whenever we risk the health of our families and

 11 cause our families more sickness, you increase my taxes

 12 if they are a recipient of Medicare or Medicaid. I'm

 13 sorry.

 14 Also, too, there's another misconception. I

 15 took a hot shower this morning. I watched television.

 16 I made coffee. But I also too have conservation energy

 17 bulbs, and I know that I have to take paint thinner to

 18 the dump site and put it in a special container. I

 19 separate my plastic from my aluminum cans, and I

 20 separate my household garbage. I do this every week.

 21 I'm a little bit inconvenienced, but I'm a tough

 22 Floridian. I can do that.

 23 Next I would like to talk to you about the

 24 difference in cheap and free. This is cheap

 25 (indicating). I see a lot of Dasani bottles on the

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 1 tables. That's the more expensive brand. This is the

 2 cheap brand. But the stuff I have in here right now is

 3 free, because I got it out of your water fountain. Now,

 4 is it free? No. Somebody purchased this water. I just

 5 got it free. So when we talk about things like

 6 26 million gallons of water a day and I go down to the

 7 store and pay 79 cents for this pint, which there are

 8 eight in a gallon, which makes it $6.32 a gallon, twice

 9 as expensive as any gasoline that I purchased on the way

 10 over here, can we really -- is that a really good deal,

 11 to give away water when it can be sold?

 12 A suggestion that I have is sell 2 million

 13 gallons of the water, write the people of Glades County

 14 a revenue check like the people in Alaska get the

 15 revenues off their oil, and then they will have cash

 16 revenues without having to work.

 17 The businesses, the investors, the industry

 18 did not enter Glades County with this proposition

 19 because it was to help the poor people of Glades County.

 20 They're there to make a profit and to sell it as an

 21 economic boon. I think maybe we should investigate that

 22 a little more.

 23 In 1954, the good citizens of Taylor County

 24 were offered a pulp and paper mill, and it has operated

 25 for 50 years to economically develop us. We still have

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 1 a poverty rate of 18.5. The pollution effects are, as I

 2 have said in this meeting before, is that our number one

 3 discharge diagnosis at Doctors Memorial Hospital for the

 4 past three years running is COPD and lung cancer.

 5 Another point that I -- so maybe possibly the economic

 6 boon isn't all that it's made out to be.

 7 I also heard someone say today, and this was

 8 quite interesting to me, that southern California had

 9 rolling blackouts. I think that was pre-Enron days.

 10 But I want to assure you that I have survived a rolling

 11 blackout. I am here. It did not make me sick or kill

 12 me.

 13 On Christmas of 1984 or '5, and I'm not sure

 14 exactly which year, but the weather was very brutal. It

 15 was 18 degrees in Perry for three days, and we suffered

 16 through a series of rolling blackouts. Thirty minutes

 17 the electricity would be on, 30 minutes it would be off,

 18 and my whole family survived. The dog didn't die. But

 19 we had to sacrifice not making coffee, not taking a

 20 shower, staying in our long pajamas to manage this.

 21 But I will tell you this. During the recent

 22 years and the hurricanes, I was without power in

 23 Lafayette County for a day and a half during one storm.

 24 I was out power for three days in another storm. My

 25 daughter and her family in Clay County was without power

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 1 for three days. Listening to the scientists who say

 2 that greenhouse gases could cause more storms, I fear

 3 that we would be without power more from the added

 4 storms than just from the electricity deficit.

 5 So I know that we want to be -- we want to

 6 have our points heard. We want to get the message

 7 across. But just as I use electricity -- let me make

 8 this analogy. It seems that on one side someone is

 9 saying, "Let's have all pepper. We need all pepper."

 10 And on this side, someone is saying, "Let's have all

 11 salt." I'm saying, "Let's have some salt, let's have

 12 some pepper, and that might be better."

 13 Thank you very much for allowing me to speak.

 14 I feel that as a Floridian, I live in a state community,

 15 and I am very proud to be here today to tell you this.

 16 CHAIRMAN EDGAR: A question from Commissioner

 17 Carter.

 18 COMMISSIONER CARTER: I've got to at least say

 19 hello to you. It's good to see you again. You're one

 20 of the few people that can say Lafayette County

 21 properly.

 22 Thank you for your input. Thank you very much

 23 for coming.

 24 MS. BLAIR: Thank you.

 25 COMMISSIONER CARTER: And thank you for coming

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 1 to represent your neighbors.

 2 MS. BLAIR: Thank you.

 3 CHAIRMAN EDGAR: Thank you, Ms. Blair. Do

 4 they teach Lafayette in South Georgia?

 5 COMMISSIONER CARTER: Right across the border.

 6 CHAIRMAN EDGAR: Ms. Brubaker.

 7 MS. BRUBAKER: The next speaker is Betty

 8 Johnson.

 9 Thereupon,

 10 BETTY JOHNSON

 11 was called as a public witness, and having been duly

 12 sworn, testified as follows:

 13 DIRECT STATEMENT

 14 MS. JOHNSON: Hello once again. Good to be

 15 with y'all. For the record, I'm Betty Johnson. I live

 16 at Madison, Florida. My address is 3309 Northeast

 17 Geranium Street. And I've been a lifelong resident of

 18 Madison County, and I'm familiar with north central

 19 Florida. We fight every day to keep economic

 20 development out of there and keep it rural. We won an

 21 award, I want you to know, in 1995, and we are proud to

 22 this day to say we have a rural community award from the

 23 State.

 24 We met a lot of interesting people along the

 25 way since we last testified here before you over the

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 1 Taylor Energy Center project, and we met people from

 2 Glades County and all over, and we've decided we're just

 3 going to stick together and see this thing through,

 4 hopefully to the bitter end, for the better for of all.

 5 So we're grateful to each of you to have the opportunity

 6 to speak to you one on one, to share our thoughts and

 7 our concerns with you, and hope that we'll find a better

 8 way to end our dilemma for the future energy needs in

 9 Florida.

 10 I am thrilled to also see Governor Charlie

 11 Crist taking a sincere interest with matters that come

 12 before you every day. He is genuinely looking for

 13 renewable energy for Florida, as well as the Office of

 14 Energy with DEP. We'll get there. And I don't think

 15 it's going to be as long as it has been. We'll find the

 16 solutions that we all need and can live with.

 17 But personally, coal-fired power plant new

 18 development is something I strongly oppose, because I

 19 don't think that's in the future for Florida, and I

 20 don't think that's the total need for what the citizens

 21 of the State of Florida need. So I oppose the Glades

 22 County case today, as I opposed the Taylor Energy Center

 23 for Taylor County, because it's a coal-fired power

 24 plant.

 25 Recently I discovered -- because I am a

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 1 customer of Progress Energy Florida, I took an interest

 2 in seeing exactly how much of a huge area that they

 3 cover to provide electricity, and I was amazed at how

 4 big it really was. And it goes down quite a long ways

 5 in the state and takes up most of the state. But I

 6 found that there were 15 fossil-fueled power plants

 7 owned by Progress Energy and one nuclear power plant

 8 that serve the entire area for their customers.

 9 I'm also deeply interested in just mentioning

 10 again to you the public interest that needs to be upheld

 11 in these kind of proceedings. I don't really know what

 12 public investment the citizens of the State of Florida

 13 make on behalf of all state owned and leased facilities

 14 with regards to Florida Power & Light utility, but I ask

 15 you to please consider the needs of the citizens with

 16 regards to that public investment.

 17 And for the future, I strongly would recommend

 18 solar power is what we really need to focus in on,

 19 because it's time that the State, as it has grown to

 20 this capacity, we need to be providing our own utility.

 21 We need one that's a renewable energy, and we need one

 22 that will reduce the future energy needs and the cost to

 23 the citizens of the State of Florida. I think we can

 24 accomplish that in our planning stages when we develop

 25 the future energy for this particular need.

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 1 I don't know what else to add today. I would

 2 like to say thank you. I am grateful to the Office of

 3 Public Counsel for intervening in this particular case.

 4 I asked that you be in the last one for the Taylor

 5 Energy Center, so I'm grateful that you are a party to

 6 this case and that you represent the citizens and the

 7 State of Florida. So we look forward to looking -- you

 8 know, to work with you in the future on any particular

 9 matters that come. I'm thrilled and excited that the

 10 State sees we do have an interest there, and for a long,

 11 long time it has been overlooked in proceedings like

 12 this. But we made it, didn't we?

 13 And we are so grateful to you guys. You are

 14 so courteous and respectful. And most of all to you,

 15 Commissioner Carter, we sincerely appreciate your

 16 interest in the citizens. We just wanted you to know

 17 that.

 18 So I'm going to hush -- it has been a long

 19 day -- and tell you we hope that you do not permit

 20 another coal-fired power plant for Glades County as well

 21 as Taylor County. I think we can find an alternative

 22 that we can use for the future, and it will help, you

 23 know, Florida overall. That's the goal, is protecting

 24 what we have. And we'll find that way. We're working

 25 on it.

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 1 So are there any questions or concerns that I

 2 can address at this time from each of you?

 3 CHAIRMAN EDGAR: Commissioner Carter.

 4 COMMISSIONER CARTER: I know what "hush"

 5 means. I just wanted to say hey and thank you. Keep on

 6 fighting the good fight.

 7 MS. JOHNSON: We're there for you and

 8 everybody.

 9 COMMISSIONER CARTER: And our Chairman and

 10 Commissioner McMurrian and I, we sincerely appreciate

 11 having the public come and express your opinions, and

 12 that weighs heavily in our minds.

 13 MS. JOHNSON: Believe you me, you're a great

 14 bunch of people to work with. You really are.

 15 COMMISSIONER CARTER: Thank you for coming.

 16 MS. JOHNSON: Thank y'all.

 17 CHAIRMAN EDGAR: Thank you, Ms. Johnson. Ms.

 18 Brubaker.

 19 MS. BRUBAKER: The last person I currently

 20 have signed up to speak is Ron Saff.

 21 CHAIRMAN EDGAR: Mr. Saff? Is Mr. Saff with

 22 us this afternoon?

 23 MS. BRUBAKER: I don't believe he's actually

 24 present here. And so with that, that is the last person

 25 we currently have signed up to speak.

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 1 CHAIRMAN EDGAR: Okay. Is there anybody that

 2 is with us here this afternoon who would like to address

 3 the Commission during the public testimony portion of

 4 this proceeding that has not yet had the opportunity to

 5 do so?

 6 Seeing none, okay. Ms. Brubaker, anything

 7 else we need to take up before we move from this phase

 8 here shortly into the next? My suggestion would be -- I

 9 had candidly underestimated perhaps the amount of time

 10 that we would spend on this when we first sat down this

 11 morning. I had thought we would take a break and allow

 12 the opportunity to look over the documents that have

 13 been submitted, but I'm thinking that it might make more

 14 sense to take those up first thing in the morning if

 15 that is agreeable to the parties.

 16 Okay. Other matters, Ms. Brubaker?

 17 MS. BRUBAKER: With that, there's nothing with

 18 regard to the public testimony portion of the hearing.

 19 Unless you care to take a brief break, we can move on to

 20 the technical portion. There are a few preliminary

 21 matters there.

 22 CHAIRMAN EDGAR: Okay. Let me look to the

 23 parties. Again, I had thought we would take a break,

 24 but we've just recently had a break. So is everybody

 25 ready to move forward?

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 1 You are ready? I'm hearing no noes.

 2 Okay. Ms. Brubaker, preliminary matters for

 3 the technical portion.

 4 MS. BRUBAKER: I would like to note for the

 5 record that we do have some witnesses who have been

 6 excused from the hearing. They are FPL witnesses

 7 Sanchez, Coto, Yupp, and Damon. I understand there may

 8 be some further discussion regarding witnesses. Are you

 9 prepared to address, or is there going to be some

 10 further discussion needed?

 11 MR. LITCHFIELD: Madam Chairman, there has

 12 been some discussion with respect to potential further

 13 elimination of witnesses in this case and then

 14 potentially consolidation of direct and rebuttal

 15 presentations, but I've not heard back from Mr. Gross,

 16 so we would -- at least FPL is not in a position to

 17 comment at this time.

 18 CHAIRMAN EDGAR: Okay. Mr. Gross, any

 19 comment? And I'm not trying to put you on the spot. We

 20 will be back here tomorrow morning, so we can --

 21 MR. GROSS: Well, Mr. Litchfield and I did

 22 talk about the possibility of witnesses Plunkett and

 23 Schlissel being stipulated, but I'm not in a position to

 24 agree to that yet. But we did discuss it. Plunkett and

 25 Schlissel would -- and I brought this up before.

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 1 Apparently, the weather -- my latest report is the

 2 weather has cleared enough that they will be able to fly

 3 in. But they will be in tomorrow, and it's quite

 4 conceivable that I would request that they be taken out

 5 of order.

 6 And there was some reference -- I did bring

 7 this up at the prehearing conference. However, I didn't

 8 anticipate us being in this stage of the proceeding.

 9 But my request still remains the same. And I discussed

 10 that with Mr. Litchfield, whether that would be a

 11 problem for him, because I think Mr. Schlissel would

 12 like to testify earlier in the day, in the morning, and

 13 Mr. Plunkett in the afternoon.

 14 CHAIRMAN EDGAR: Okay. Well, then what I

 15 would ask is, similarly, as I mentioned this morning,

 16 and for those of you who have practiced here before us

 17 before, I generally do try to accommodate scheduling

 18 requests, however, obviously, not wanting to put any

 19 other witness or party in a more difficult position, who

 20 also have other, I'm sure, scheduling demands,

 21 et cetera, to make.

 22 So what I would ask is, we will go for a while

 23 here for the rest of the afternoon, and when we do break

 24 for the day, I would ask that all of the parties get

 25 together, and we can talk in the morning about what is

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 1 the best way to proceed.

 2 And we will also be looking at, so people can

 3 be thinking, and we'll be asking our staff to work with

 4 each of you on potential days maybe next week if we need

 5 to extend. So keep that in mind as well, and we'll see

 6 what we can do to move forward thoroughly, but yet

 7 efficiently.

 8 Okay. Other preliminary matters?

 9 MS. BRUBAKER: There is just one or two

 10 others. Perhaps the next one to take up I expect to be

 11 a fairly simple, straightforward one. The Sierra Club

 12 and other intervenors -- just for clarity's sake, when I

 13 say Sierra Club, that's going to be abbreviation for all

 14 the parties whom Mr. Gross represents -- has requested

 15 official recognition of a case. It's the Massachusetts

 16 vs. EPA case. The cite for that is 127 S. Ct. 1438.

 17 It's the one that just recently issued. Barring

 18 objection from the parties, staff recommends that

 19 official recognition be granted.

 20 CHAIRMAN EDGAR: Mr. Gross, additional

 21 comment?

 22 MR. GROSS: I have really nothing to add. I

 23 think it's a case that's very relevant, and I intend to

 24 refer to it in my opening statement and perhaps question

 25 a witness on it.

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 1 CHAIRMAN EDGAR: Okay. So the request before

 2 us is to take official recognition of this recent

 3 Supreme Court case. Any objection?

 4 MR. LITCHFIELD: No.

 5 CHAIRMAN EDGAR: Okay. Seeing none, then for

 6 this proceeding, this Commission will take official

 7 recognition of the court case that Ms. Brubaker read to

 8 us.

 9 MS. BRUBAKER: With regard to the stipulated

 10 list that was provided at the beginning of the hearing,

 11 I do note that there's a number of prefiled exhibits.

 12 My suggestion is we take those in turn as those

 13 witnesses are called forward to speak. As you

 14 referenced earlier, Chairman, we have a number of

 15 exhibits that were provided during the public testimony

 16 portion, and we will address those in the morning.

 17 Exhibit 1 is staff's -- excuse me. Exhibit 2

 18 is staff's composite exhibit. It has been stipulated to

 19 by the parties. For administrative ease, we have those

 20 available on CD. It's my understanding that the hard

 21 copy of the document has not been particularly useful at

 22 the hearing, but we can certainly also provide a copy of

 23 that if anybody is in need of it. It would be my

 24 suggestion, since it has been identified, to go ahead

 25 and move that into the record at this time.

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 1 CHAIRMAN EDGAR: Are there any questions,

 2 concerns, requests for changes? Mr. Gross.

 3 MR. GROSS: Madam Chair, thank you. May I ask

 4 Ms. Brubaker a question about the exhibit? Are you

 5 including -- there was an exhibit that we objected to,

 6 which was more of a compilation.

 7 MS. BRUBAKER: Yes, that's correct. That is

 8 not part of that exhibit.

 9 MR. GROSS: That's not part of that. Then we

 10 have no objection. No objection.

 11 MS. BRUBAKER: And actually, that brings me to

 12 my next preliminary matter.

 13 CHAIRMAN EDGAR: Okay. Well, first, let's go

 14 ahead and take this up. So the comprehensive exhibit

 15 list will be entered into the record.

 16 (Exhibit 2 marked for identification and

 17 admitted into the record.)

 18 CHAIRMAN EDGAR: Does that get us there?

 19 MS. BRUBAKER: Yes. As Mr. Gross alluded,

 20 staff also sought to have the parties stipulate to an

 21 additional exhibit. What we're passing out now both to

 22 the Commissioners and the parties is what we're calling

 23 staff's second composite exhibit. That's the one with

 24 the yellow sheet. And the source documents to staff's

 25 second composite exhibit, that's the one with the blue

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 1 sheet.

 2 Basically, the parties were unable to

 3 stipulate to the staff's second composite exhibit. What

 4 it basically is comprised of are excerpts from

 5 interrogatory responses, excerpts of data from witness

 6 exhibits. It also includes a page from Ten-Year Site

 7 Plans for Progress and TECO. And staff is happy to not

 8 press the issue as far as having this stipulated to or

 9 entered into the record. However, we do intend to make

 10 use of this exhibit during cross-examination for a

 11 number of witnesses.

 12 The reason we've compiled it this way,

 13 frankly, is one of administrative ease and expedition.

 14 The underlying information is essentially in the record

 15 through the composite exhibit, the one that was just

 16 stipulated to and entered into the record. To the

 17 extent information in here is not already entered into

 18 the record through Exhibit 2, we would certainly take

 19 that into account when the cross-examination questions

 20 come up.

 21 The source documents, the one with the blue

 22 sheet, is basically the complete interrogatory response

 23 and what have you just so the parties can use that for

 24 reference if they want to see the complete interrogatory

 25 response rather than perhaps the excerpt. It is

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 1 available.

 2 Staff is not seeking to move either of these

 3 documents into the record. Again, we're simply using

 4 these in the process of cross-examination and to help

 5 move things along quickly, so we just wanted to go ahead

 6 and identify both of these exhibits. My request would

 7 be to mark the yellow sheet as Exhibit --

 8 CHAIRMAN EDGAR: How about 155?

 9 MS. BRUBAKER: 155?

 10 CHAIRMAN EDGAR: We'll go ahead and mark and

 11 label staff's second composite exhibit, number it 155.

 12 And that is, as Ms. Brubaker said, the document with the

 13 yellow cover sheet. And then, Ms. Brubaker, you want to

 14 go ahead and --

 15 MS. BRUBAKER: And Exhibit 156 were the source

 16 documents, would be my other request.

 17 CHAIRMAN EDGAR: Mr. Gross, we will mark and

 18 label for now and then see where that takes us as we

 19 move through the testimony. Does that work for you?

 20 MR. GROSS: Yes. I think our objection was

 21 primarily to the admission of this compilation, this

 22 composite exhibit that was more of a compilation. And

 23 based on what I've heard, that it will not necessarily

 24 be admitted into evidence, but just used for cross, and

 25 we don't object to that. And we certainly have no

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 1 objection to the interrogatories and the underlying

 2 source data. So if my understanding is correct, then we

 3 would have no objection.

 4 MS. BRUBAKER: That's correct.

 5 CHAIRMAN EDGAR: Okay. I think we're all on

 6 the same page, so to speak.

 7 (Exhibits 155 and 156 marked for

 8 identification.)

 9 CHAIRMAN EDGAR: Okay. Ms. Brubaker.

 10 MS. BRUBAKER: There may be just a few more

 11 matters, but I'll leave FPL to decide when they would

 12 like to take it up. I know there's the issue of the FPL

 13 newspaper notice and affidavit, and they can either take

 14 it up as a preliminary matter if they wish, or if they

 15 wish to address it through the first witness, they're

 16 welcome to do so. And there's also the issue of the

 17 errata sheet for the testimony. So at your discretion.

 18 CHAIRMAN EDGAR: Mr. Litchfield, other

 19 matters?

 20 MR. LITCHFIELD: Thank you. We're at least

 21 prepared to take up today, this afternoon before we get

 22 started as a preliminary matter having the Commission

 23 mark and potentially move into evidence FPL's notice of

 24 filing certified proof of publication in various

 25 newspapers. This is a filing that was made April 13th

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 1 in this docket. We filed the relevant newspaper -- we

 2 submitted the relevant newspaper notices around the

 3 state, and we filed certification of that fact in this

 4 docket, so we would ask that it be marked as 157.

 5 CHAIRMAN EDGAR: And you have copies?

 6 MR. LITCHFIELD: And we have copies.

 7 CHAIRMAN EDGAR: Let's go ahead and distribute

 8 copies. So, Mr. Litchfield, as you've requested, the

 9 certificate of newspaper notification will be so labeled

 10 and marked as Exhibit 157. Thank you.

 11 (Exhibit 157 marked for identification.)

 12 MR. LITCHFIELD: And, Madam Chairman, I think

 13 we can go ahead and take care of the errata sheets as

 14 well at this time. I think that would be

 15 administratively efficient. So if those could be --

 16 CHAIRMAN EDGAR: 158?

 17 MR. LITCHFIELD: -- marked 158. Thank you.

 18 (Exhibit 158 marked for identification.)

 19 MR. LITCHFIELD: And the errata sheets were

 20 also filed February 13th. And just for sake of clarity,

 21 we filed errata sheets for Jose Coto prefiled direct,

 22 William Damon prefiled direct, David Hicks prefiled

 23 direct, Steve Jenkins prefiled direct, Ken Kosky

 24 prefiled rebuttal, Armando Olivera prefiled direct,

 25 Judah Rose prefiled rebuttal, Rene Silva prefiled

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 1 direct, and also for rebuttal, Steve Sim prefiled

 2 direct, and then an errata sheet with respect to the

 3 prefiled need study in Appendix G. And we would ask

 4 that 157 and 158 be moved into the record.

 5 CHAIRMAN EDGAR: Okay. I'm confused as to my

 6 dates, so maybe you can clarify for me, Mr. Litchfield.

 7 I think you said filed February 13th. Did you mean

 8 April 13th?

 9 MR. LITCHFIELD: Did I say February 13? I

 10 apologize. April 13.

 11 CHAIRMAN EDGAR: Well, that's what I heard.

 12 MR. LITCHFIELD: Well, in any event, it is

 13 April 13th, although I noticed that actually the year is

 14 wrong.

 15 CHAIRMAN EDGAR: And that was the second thing

 16 that threw me there. And I'm assuming that this should

 17 actually be 2007 on the cover letter.

 18 MR. LITCHFIELD: Indeed, yes.

 19 CHAIRMAN EDGAR: And actually, it is correct

 20 on the second page. So we will note for the record that

 21 we are marking the errata sheets that have been

 22 distributed to all of the parties and staff and the

 23 Commissioners and that there is a typo on the front

 24 page. It was filed on April 13th, 2007. And that is

 25 being marked as Exhibit Number 158, and if there is no

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 1 objection to Exhibits 157 and 158 as so described, then

 2 we will go ahead and enter those into the record. And

 3 that helps me for clarity.

 4 (Exhibits 157 and 158 admitted into the

 5 record.)

 6 CHAIRMAN EDGAR: Okay. Other matters?

 7 MS. BRUBAKER: Chairman Chair, in the spirit

 8 of making sure all errors are clarified, I would like to

 9 point out, and will point out again when it does come up

 10 in cross-examination, the yellow sheet, hearing Exhibit

 11 155, if you will turn to Bates stamp page number 3,

 12 there's a chart there, Comparison of FPL's Generation

 13 Alternatives. If you look in the third column, 2012 Gas

 14 CC, the first number under cost is 750. That should be

 15 734. And my apologies for the error.

 16 CHAIRMAN EDGAR: Okay. So noted for the

 17 record. And again, I will look to you to raise that to

 18 us again if we get to a point where we are referencing

 19 this document for testimony and questioning.

 20 MS. BRUBAKER: Thank you.

 21 CHAIRMAN EDGAR: Okay. Other matters.

 22 MR. GROSS: Madam Chair.

 23 MR. LITCHFIELD: Mr. Gross.

 24 MR. GROSS: Thank you. During Mr. Schlissel's

 25 deposition that was taken by Mr. Litchfield, I believe,

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 1 there were some errors in that deposition that were

 2 pointed out by Mr. Litchfield. And since I can't be in

 3 two places at one time, I've got at my office a

 4 corrected version of Mr. Schlissel's supplemental

 5 testimony. And in the interest of fairness, I will go

 6 back to my office, and we will do a formal notice of

 7 filing, but that might not be possible until later in

 8 the day tomorrow. But I will offer to send a copy of

 9 the corrected testimony informally when I get back to my

 10 office this evening.

 11 MR. LITCHFIELD: Will you be able to send it

 12 via e-mail?

 13 MR. GROSS: Yes, I will. And I understand

 14 that he made the changes in bold to make it easier to

 15 tell what the corrections were.

 16 MR. LITCHFIELD: May I ask a clarifying

 17 question, though?

 18 CHAIRMAN EDGAR: Yes.

 19 MR. LITCHFIELD: Are we talking about an

 20 errata -- are we talking about changes to the depo or to

 21 the testimony?

 22 MR. GROSS: These are -- I think they were

 23 errors, mathematical errors, errors of that nature.

 24 CHAIRMAN EDGAR: I'm sorry. In the deposition

 25 or in the prefiled testimony?

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 1 MR. GROSS: Oh, I'm sorry. This is in the

 2 deposition. No, excuse me, in his supplemental

 3 testimony, supplemental direct testimony.

 4 MR. LITCHFIELD: Okay. So you will be

 5 submitting an errata sheet indicating line and page and

 6 corrections as opposed to a new piece of testimony? I

 7 guess that's really what I'm asking.

 8 MS. BRUBAKER: If I might, Chairman.

 9 CHAIRMAN EDGAR: Ms. Brubaker.

 10 MS. BRUBAKER: In order to be consistent with

 11 how FPL has corrected its witnesses' testimony, and

 12 since I'm sure we have all highlighted and marked up our

 13 various copies of the testimony, I think it would

 14 probably be easier, unless we're talking about

 15 substantial revisions, to have a type-and-strike,

 16 line-by-line reference of what the changes are, if

 17 that's possible.

 18 MR. GROSS: I had requested that, and that's

 19 not what was furnished to me. I will look into it. But

 20 I understand. I think that would be ideal and

 21 preferable, but what I've got is just something with the

 22 changes in bold.

 23 CHAIRMAN EDGAR: Okay. Then I think what I

 24 would ask is that -- again, Mr. Gross, I would say thank

 25 you for bringing it up early so we know where we are as

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 1 we get started with this next phase, but we will all

 2 strive for both simplicity and clarity, and if that's

 3 something that you can see where you're at this evening

 4 and in the morning, and then we can see the best way to

 5 proceed.

 6 MR. GROSS: I've just been informed that I

 7 think we can do a type-and-strike for you if that would

 8 be better.

 9 MR. LITCHFIELD: That would be far preferable,

 10 I think for the reasons stated by Ms. Brubaker, and the

 11 format would be consistent with, I think, our Exhibit

 12 158, if that's acceptable.

 13 MR. GROSS: Okay.

 14 CHAIRMAN EDGAR: Okay. Thank you, Mr. Gross.

 15 MR. GROSS: Thank you.

 16 CHAIRMAN EDGAR: Okay. Any other matters?

 17 Yes, sir.

 18 MR. KRASOWSKI: Madam Chair, with all due

 19 respect to the counsel and the attendees, is there any

 20 possibility that we could submit a request that the

 21 court case of Ohio Environmental Coalition, Plaintiffs,

 22 opposing the U.S. Army Corps of Engineers in West

 23 Virginia that addresses the ability for West Virginia

 24 governmental jurisdictions to prohibit mountain top

 25 mining? I think we might be a little out of line as far

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 1 as being untimely with this, but we would like to at

 2 least make the request that this be entered into -- that

 3 would allow us to refer to it when we cross-examine

 4 witnesses.

 5 CHAIRMAN EDGAR: So a request for official

 6 recognition of this court case, and you would be able to

 7 provide the name and the cite, and I will look to

 8 Ms. Brubaker.

 9 MS. BRUBAKER: Well, I would note, I believe

 10 the OAP requires that any request for official

 11 recognition take place three days prior to the hearing

 12 and that notice be forwarded to the parties. However,

 13 if no party objects to the request for official

 14 recognition, staff has no objection.

 15 CHAIRMAN EDGAR: Mr. Litchfield.

 16 MR. LITCHFIELD: Thank you. FPL, in

 17 recognition that Mr. Krasowski is not a typical

 18 participant in our proceedings, we're willing to extend

 19 some degree of courtesy here. But I would ask that we

 20 be permitted to get a copy of the case and look at it

 21 tonight and then respond tomorrow if that's acceptable.

 22 CHAIRMAN EDGAR: Can you provide that

 23 information?

 24 MR. KRASOWSKI: Yes. We'll have to have it

 25 printed out. Will he accept an e-mail with the material

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 1 in it, or shall we go -- we can get a copy of it made if

 2 that's preferred.

 3 CHAIRMAN EDGAR: Let me put it this way. I

 4 think that between the resources of our staff, FPL, and

 5 the material that you have, we can probably find a way

 6 to work together to do that. So I would ask you to get

 7 with our staff and Mr. Litchfield when we conclude for

 8 today, and we'll see if we can accommodate that.

 9 MR. KRASOWSKI: Thank you very much.

 10 CHAIRMAN EDGAR: Thank you.

 11 Ms. Brubaker, any other matters?

 12 MS. BRUBAKER: I'm not aware of any at this

 13 time.

 14 CHAIRMAN EDGAR: Okay. It is quarter to 4:00.

 15 I think that the next thing that we have to do is

 16 opening statements. We have five parties, and the

 17 Prehearing Order allows 10 minutes per party. I am

 18 ready to move forward if you all are, or does anybody

 19 need to take a couple of minutes before we do that? Is

 20 everybody ready?

 21 Okay. Then Mr. Litchfield, you're recognized.

 22 MR. LITCHFIELD: Thank you. Madam Chairman,

 23 Commissioners Carter and McMurrian, we do thank you for

 24 the opportunity to provide opening comments here today

 25 regarding this very, very important resource decision in

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 1 which FPL is recommending your approval of a

 2 state-of-the-art, advanced technology, high efficiency

 3 coal plant. Over the new few minutes, I hope to

 4 highlight some of the key points and considerations that

 5 you will hear through testimony over the next two or

 6 three days and to summarize why FPL believes you should

 7 approve its request for a determination of need in this

 8 case.

 9 You will hear this proposed plant referred to

 10 as the FPL Glades Power Park, or more simply FGPP. You

 11 will also hear FPL's choice of technology referred to as

 12 ultra-supercritical pulverized coal or, alternatively,

 13 USCPC.

 14 It's important to emphasize that FPL based its

 15 technology choice on extensive analyses of many other

 16 options. FPL's witnesses will demonstrate that USCPC is

 17 the most efficient application of pulverized coal in the

 18 world today. It is a proven technology in commercial

 19 operation, has extremely high reliability factors, and

 20 burns extremely clean, particularly with the

 21 state-of-the-art environmental controls that are being

 22 included in its design. In fact, I would emphasize that

 23 this plant materially outperforms all other existing or

 24 proposed coal-to-electricity plants on the combination

 25 of efficiency and emissions. And it is significant that

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 1 even with the addition of FGPP, FPL will remain one of

 2 the cleanest utilities in the entire country. And you

 3 will not hear, we submit, Commissioners, any credible

 4 evidence to the contrary on these points.

 5 As you well know, Florida continues to be a

 6 state that experiences one of the highest population

 7 growth rates in the country. In FPL's service territory

 8 alone, the need for new generating capacity has grown

 9 and is projected to continue to grow by about 600

 10 megawatts a year. That's roughly the equivalent of a

 11 new power plant every year. Now, there's no dispute

 12 about that in the record either.

 13 And this annual additional demand on FPL's

 14 system is -- and this is important -- after taking into

 15 consideration the major reductions in demand resulting

 16 from FPL's industry leading conservation efforts. FPL

 17 is ranked number one nationally by the U.S. Department

 18 of Energy in this respect. Including DSM to date and

 19 additional DSM being pursued, FPL will have avoided

 20 approximately 5,800 megawatts of generating capacity by

 21 2015, or roughly three plants the size of FGPP. There

 22 is no dispute regarding these facts.

 23 But despite these industry leading

 24 accomplishments, the record will show that there simply

 25 is not enough cost-effective DSM available to eliminate

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 1 or defer the need for all base load capacity additions.

 2 And despite FPL's support for renewables, they also are

 3 not the answer to the need for a base load generating

 4 unit.

 5 As you know, FPL Group as a whole boasts the

 6 cleanest generating fleet in the entire country, has the

 7 largest portfolio of renewables, and is the largest

 8 producer of energy from wind and solar in the country.

 9 But as Mr. Silva will testify, we would need to install

 10 8,000 wind turbines to replace just the energy, not even

 11 the capacity, just the energy produced by FGPP. Now,

 12 8,000 turbines, to give you a visual image, would ring

 13 the entire State of Florida, its entire coast line, and

 14 we still wouldn't have enough coast line to

 15 accommodation all of those turbines.

 16 And renewables systems such as wind that are

 17 intermittent in nature cannot be used to provide the

 18 much-needed capacity. This means that when Florida

 19 turns on its lights and its computers and its security

 20 systems and its file servers, the power has to be there.

 21 That's capacity. The testimony will show that FPL does

 22 need to add base load capacity.

 23 Now, of course, we have to consider the type

 24 of resource addition that we're going to add,

 25 particularly in an era of expanding energy demands and

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 1 tightening natural gas supplies. And this really is at

 2 the heart of FPL's recommendation in this case, the need

 3 to maintain fuel diversity. In 2006, the Florida

 4 Legislature, as you know, also recognized that fuel

 5 diversity was a critical need in Florida. They amended

 6 the Florida Power Plant Siting Act to require utilities

 7 and this Commission to explicitly take fuel diversity

 8 into consideration as a criterion of approval in cases

 9 such as these, and certainly this Commission has

 10 acknowledged the importance of fuel diversity. FPL's

 11 witnesses will testify that in the absence of FGPP, FPL

 12 will rely upon natural gas for more than 70 percent of

 13 its customers' electricity by 2016.

 14 Now, to obtain fuel diversity is not always

 15 easy. At times it requires a utility to propose and a

 16 regulator to approve a fuel choice that is not popular

 17 on every front. Nuclear generation is a good example,

 18 and coal is another example. But there really is no

 19 such thing as a fuel choice that does not have any

 20 detractors, or for that matter, a fuel choice that

 21 doesn't have some drawbacks. Natural gas itself has

 22 drawbacks, as we well know. We've experienced large

 23 price increases and market volatility over the last few

 24 years.

 25 That really leaves gas and coal as the only

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 1 realistic mid-term options, and that is the choice that

 2 must be made in this proceeding, and that is the heart

 3 of the case, whether FPL in the practical circumstances

 4 today should add only natural gas generation at this

 5 time. There should be no doubt, Commissioners, that a

 6 decision not to pursue FGPP or even to pursue a portion

 7 of FGPP is a decision to increase our commitment to

 8 natural gas.

 9 Now, adding coal at this time, a fuel that has

 10 many advantages in terms of supply and price, will

 11 mitigate the drawbacks of natural gas that I've

 12 discussed, drawbacks that become much more pronounced,

 13 of course, the greater proportion that natural gas

 14 comprises of a utility's fuel mix.

 15 Now, if, on the other hand, natural gas

 16 markets surprise us all and they soften and prices go

 17 down, FPL customers will still benefit because of its

 18 relatively large natural gas-fired mix in its portfolio,

 19 and that, of course, is the benefit of diversity and the

 20 advantage of diversity. That is in fact the point of

 21 diversification.

 22 You are likely to hear a great deal in this

 23 case about the prospect of CO2 regulation. But the

 24 important thing that you will hear from FPL and its

 25 witnesses is that this fact should not change our point

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 1 of view. In fact, in many respects, it underscores the

 2 need for diversity. As FPL's witnesses indicate, one of

 3 the few things that we can confidently predict at this

 4 time regarding carbon regulation is that a high cost

 5 carbon regime will drive up the price of natural gas.

 6 Now, FGPP will offer customers very attractive

 7 life cycle economics under many fuel and compliance cost

 8 scenarios, and those scenarios are discussed by our

 9 witnesses. Of course, it isn't going to be true under

 10 every single possible scenario, and I think that's our

 11 point. Ultimately, a decision to add FGPP should not be

 12 predicated on any particular economically modeled or

 13 expected outcome.

 14 It is because of the inescapable uncertainties

 15 that it is critical that FPL and its customers maintain

 16 a level of fuel diversity afforded by the addition of

 17 FGPP. Without it, our customers will be much more

 18 vulnerable to the uncertainties of gas curtailments,

 19 whatever the cause, and to the price pressure and

 20 volatility that is projected to be a continuing

 21 characteristic of natural gas markets, especially in the

 22 event of CO2 regulation.

 23 You will hear throughout this proceeding and

 24 probably hear in opening comments that there are things

 25 we don't know yet that should cause this Commission to

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 1 reject or to delay construction of FGPP, reminding us

 2 that a delay is tantamount to rejection. Yes, there are

 3 some things we don't know, but there is no planning

 4 process that has complete certainty. But the

 5 interesting thing about this case is that FPL is

 6 recommending FGPP not just on what we know, but because

 7 of what we don't know.

 8 Here are some things that we know that will

 9 come out during the course of this hearing. We know

 10 that energy costs are rising. We know the world demand

 11 for energy is increasing, not decreasing. We know that

 12 fossil fuels are not increasing. We know that relative

 13 to natural gas, the domestic reserves of coal are

 14 immense. We know that all projections are that coal

 15 prices will remain below the price of natural gas. We

 16 know that with the addition of this state-of-the-art

 17 coal unit, FPL's reliance on natural gas -- excuse me,

 18 without the addition of this unit, FPL's reliance on

 19 natural gas will increase to over 70 percent by the year

 20 2016. We know that CO2 regulation will increase the

 21 cost of energy, including natural gas.

 22 We know that USCPC is a proven

 23 state-of-the-art technology, that IGCC, in contrast, is

 24 still in an emergent phase of development. We know that

 25 USCPC is 15 percent more fuel efficient than IGCC and at

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 1 least 5 percent more fuel efficient than any proposed

 2 future IGCC plants. We know that USCPC is commercially

 3 available in the right scale. We know that IGCC is not.

 4 We know that USCPC is less expensive to build than IGCC.

 5 We know that high reliability translates into lower

 6 operating and electric costs and lower emissions, and we

 7 know that USCPC is more reliable than any current

 8 operating IGCC unit.

 9 We know that as Florida continues to grow, we

 10 will need more, not fewer, base load units. We know

 11 that as Florida continues to grow, it will become more

 12 difficult, not easier, to site base load generating

 13 units.

 14 And finally, we know that adding coal to our

 15 system will diversify our system, which by definition

 16 will improve the reliability and reduce fuel price

 17 volatility.

 18 So based on everything that we know, FGPP is

 19 the right decision at this time, Commissioners, and the

 20 witnesses will support that recommendation.

 21 Now, what do we not know? We don't know when

 22 CO2 regulation will be imposed. We don't know what form

 23 CO2 regulation will take. For example, we don't know

 24 what kind of allowances or offsets might be granted. We

 25 don't know whether the regime that is imposed will

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 1 penalize or reward an already clean system such as

 2 FPL's. Therefore, we don't really know how much CO2

 3 regulation will impact FPL's system or the plant, FGPP.

 4 We don't know by how much CO2 regulation will increase

 5 the cost of natural gas. By the same token, we don't

 6 know by how much CO2 regulation will decrease the cost

 7 of coal as a fuel. We know much more than we don't

 8 know. But even because of the things we don't know,

 9 FGPP is the right plant to build at this time to

 10 maintain fuel diversity.

 11 Commissioners, as FPL's witnesses will

 12 explain, we have a well-conceived project before you.

 13 We have implemented well-designed contracting strategies

 14 to obtain market pricing and to mitigate the cost

 15 uncertainties. We are employing state-of-the-art

 16 technology and design and the very best in environmental

 17 controls. We have a good site. We have support from

 18 local government and the community. And we have a sound

 19 fuel procurement strategy that will maintain needed fuel

 20 diversity for the benefit of customers.

 21 In short, we have all the elements of a good

 22 project that should be approved. We believe it is the

 23 right solution for meeting our customers' needs. We

 24 think you will find the evidence persuasive, but that,

 25 of course, is your decision.

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 1 As you listen to the testimony, Commissioners,

 2 there should be no doubt in your mind that the only

 3 practical alternative to FGPP is additional natural

 4 gas-fired generation. That is feasible, but we do not

 5 believe it is desirable. And we submit this to your

 6 consideration, Commissioners, and thank you for your

 7 time.

 8 CHAIRMAN EDGAR: Thank you, Mr. Litchfield.

 9 Mr. Beck.

 10 MR. BECK: Thank you, Madam Chairman. Good

 11 afternoon, Commissioners.

 12 Madam Chairman, this morning when you gave

 13 introductory remarks, you went through the various items

 14 that are contained in section 403.519 of Florida

 15 Statutes that the Commission considers in a certificate

 16 of need case. One of those criteria is whether the

 17 proposal plants are the most cost-effective alternative.

 18 To determine whether these plants are cost-effective, we

 19 believe you have to look at the likelihood of carbon

 20 taxes during the expected 40-year lives of these plants.

 21 The prospect of carbon taxes during the lives of the

 22 proposed coal plants is a virtual certainty.

 23 Mr. Litchfield mentioned that there are many

 24 uncertainties right now that face the Commission as you

 25 make the decision on the certificate of need. And the

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 1 precise level of taxes and the form that they'll take is

 2 unknown, but we do know one thing, that whatever form

 3 and level that the carbon taxes take, it will be a cost

 4 that has an impact on the proposed plants, and it's a

 5 cost that will be charged to customers through higher

 6 electric rates. This makes it extremely important for

 7 the Commission to make its best judgment about the level

 8 of carbon taxes that will come into place in the coming

 9 decades.

 10 You're going to hear testimony from two

 11 experts who will be providing you their analysis about

 12 the level of carbon taxes which they expect in the

 13 future. On cross-examination, I'll be asking

 14 Mr. Schlissel, who is a witness for the Sierra Club, to

 15 explain his forecast of carbon taxes, and I'll be asking

 16 Mr. Rose, who is a witness for Florida Power & Light, to

 17 do the same thing. I'll also be asking Mr. Rose about

 18 an analysis he calls the expected case for air

 19 regulation, which includes an expected trajectory or

 20 carbon prices over the coming decades. Part of that

 21 discussion will include some information which he claims

 22 is confidential, and I'll be using an exhibit with that

 23 that will show the basis for his trajectory.

 24 Carbon taxes are coming, and in order to make

 25 the right decision on the plants, we urge you to make

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 1 the best judgment you can about the level of carbon

 2 taxes in the future that will affect the cost of these

 3 plants. Thank you.

 4 CHAIRMAN EDGAR: Thank you. Mr. Gross.

 5 MR. GROSS: Thank you, Madam Chair,

 6 Commissioners.

 7 I'm not going to take this opportunity to

 8 respond point by point to Florida Power & Light's

 9 opening statement, except to say that we vigorously

 10 dispute many of the factual assertions that were

 11 contained in that opening statement, and I think that

 12 the consideration of the evidence, the testimony of the

 13 witnesses and the exhibits, will be the determining

 14 factor, not simply the opening statements and the claims

 15 contained therein.

 16 Upon consideration of the amounts and costs of

 17 additional cost-effective demand-side management

 18 resources that FPL could be expected to acquire if it

 19 intensified, expanded, and accelerated its planned

 20 energy efficiency portfolio, intervenors, Sierra Club,

 21 NRDC, et al., find that increased DSM could defer the

 22 need for the two units that are currently proposed in

 23 this proceeding. Further, these additional efficiency

 24 savings would cost significantly less than the levelized

 25 life cycle cost of the units. In fact, such ambitious

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 1 DSM would displace the need for the capacity of the

 2 Glades units beyond the planning horizon through the

 3 year 2030. We will have an expert witness who will

 4 testify to these conclusions.

 5 Using recent experience of Massachusetts

 6 utilities enables scaling up of FPL's residential and

 7 nonresidential efficiency savings roughly by half.

 8 Using recent actual and planned expenditures and savings

 9 by Pacific Gas & Electric in the State of California to

 10 project annual budgets and electric savings, electricity

 11 savings, if FPL replicated its performance with and a

 12 commitment to acquiring all cost-effective DSM, would

 13 have more than tripled the peak demand reduction FPL

 14 plans to realize over the long term from its DSM

 15 portfolio as it presently exists. And it is through

 16 this type of end-user efficiency measures that DSM could

 17 defer the need for these two proposed FPL Glades units

 18 and cost significantly less than the cost of the units.

 19 This has already been done. Probably the

 20 leader in the country at this time is the State of

 21 California, and they have imposed very stringent

 22 end-user efficiency regulations that have already been

 23 implemented. And Mr. Plunkett's testimony is based on

 24 the actual experience of Pacific Gas & Electric, which

 25 is a utility comparable to FP&L, and then he has tried

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 1 to transpose that by applying that data to the specific

 2 case of FPL's proposal in Florida.

 3 And end-user efficiency is something that we

 4 all heard about earlier this morning. And the City of

 5 Tallahassee is doing it, and that is more efficient

 6 homes, refrigerators, dishwashers, air conditioning and

 7 heating units. And it actually costs less money to

 8 invest in end-user efficiency and defer the need for the

 9 plants completely than it does to build these plants.

 10 And there's no problem with any emissions. There are no

 11 emissions issues.

 12 This needs to be done, as explained by

 13 Mr. Plunkett, in combination with alternative fuel

 14 sources, which by themselves might not be sufficient to

 15 defer the need for the FPL units. But in combination

 16 with these end-user efficiency measures, the use of

 17 alternative fuel sources can defer the need for these

 18 plants, and this will buy time to develop new technology

 19 and new sources of energy. That is the front line

 20 position of the intervenors, Sierra Club, NRDC, and the

 21 other environmental organizations that we represent.

 22 We have a couple of other expert witnesses who

 23 will make two additional primary points. One has to do

 24 with the likelihood and the economic impact of CO2

 25 regulation. Individual states, regional groups of

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 1 states, shareholders, and corporations are making

 2 serious efforts and taking significant steps toward

 3 reducing greenhouse gas emissions in the United States.

 4 Efforts to pass federal legislation addressing carbon

 5 have gained ground in recent years. These developments,

 6 combined with the growing scientific understanding of

 7 and evidence of climate change, mean that establishing

 8 federal policy requiring greenhouse gas emission

 9 reduction is just a matter of time.

 10 Significantly, on April 2, 2007, the United

 11 States Supreme Court issued an opinion in the case of

 12 Massachusetts vs. the Environmental Protection Agency.

 13 And there are three very key findings that the Court

 14 made in addition to many others, but for our purposes,

 15 the Court found that there is global warming caused by

 16 greenhouse gases, including CO2. CO2 is a pollutant

 17 under federal law. The Environmental Protection Agency,

 18 which took the position that it did not have authority

 19 to regulate greenhouse gases, including CO2, was

 20 overruled by the U.S. Supreme Court, which found that

 21 the EPA does indeed have authority to regulate

 22 greenhouse gases and CO2, which makes it inevitable and

 23 also accelerates the process we can expect for ultimate

 24 regulation of greenhouse gases and CO2. Whether our

 25 administration and our presidential administration

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 1 decides to take action or not, the EPA has virtually

 2 been mandated by the United States Supreme Court to

 3 regulate greenhouse gases.

 4 Moreover, FPL has signed on to numerous

 5 agreements endorsing the need to address climate change

 6 and advocate federal mandatory legislation of greenhouse

 7 gases. Indeed, FPL on March 30th released a white paper

 8 pushing for a more stringent way to make the United

 9 States reduce greenhouse gas emissions, for a price to

 10 be placed directly on carbon. So I think FPL is to be

 11 applauded for taking these actions, but this lends more

 12 support to the probability that there will be regulation

 13 of greenhouse gases, when groups are getting together

 14 with members like Florida Power & Light Company to make

 15 it happen.

 16 Intervenors have provided an estimate of the

 17 likely cost arising from future greenhouse gas

 18 restrictions and reductions and provided in FPL's

 19 specific context for those costs, as well as to critique

 20 FPL's resource planning in general. Intervenors have

 21 found that FPL has substantially understated future

 22 carbon costs in its economic analysis and failed to

 23 demonstrate that FGPP is the least cost, least risk

 24 addition to its system. FPL's analysis in support of

 25 FGPP -- analyses in support of FGPP do not

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 1 comprehensively consider potential cO2 prices and do not

 2 evaluate the full range of technically feasible

 3 alternatives. Accordingly, intervenors on this ground

 4 as well recommend that the Commission deny FPL's need

 5 request.

 6 Although the intervenors, Sierra Club, NRDC,

 7 et al., contend that there is no need for and oppose the

 8 construction of any type of coal plant by FPL, an IGCC

 9 plant in Florida can provide electricity at a lower cost

 10 than the proposed ultra-supercritical pulverized coal

 11 plant. Many utilities around the country are choosing

 12 IGCC plants due to IGCC's much lower emission of all

 13 pollutants and its capability to capture CO2. There are

 14 coal gasification plants in the United States, as our

 15 testimony will show, that are already using carbon

 16 capture and sequestration equipment. There's a lot of

 17 misinformation out on IGCC plants, and it is our

 18 intention through our testimony to clear a lot of this

 19 misinformation up.

 20 Various studies show that IGCC plants can

 21 capture CO2 at much lower costs than pulverized coal

 22 plants. The additional value of an IGCC plant is its

 23 ability to use various fuels, including coal, petroleum

 24 coke, natural gas, biomass, and waste materials. This

 25 will enable IGCC plants to respond to future changes in

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 1 fuel costs and changes in environmental regulations and

 2 provide significant cost savings during the life of the

 3 IGCC plants.

 4 As stated above, energy efficiency measures

 5 can eliminate the need for a new coal plant in FPL's

 6 system. But if the Commission's decision comes down to

 7 a choice between the pulverized coal plant proposed by

 8 FPL and an IGCC plant, intervenors unequivocally support

 9 an IGCC plant for the reasons stated above.

 10 However, and in conclusion, even an IGCC plant

 11 should not be built until there is technology in place,

 12 nor should any coal plant be built until there's

 13 technology in place for carbon capture and

 14 sequestration. And for these reasons, the intervenors,

 15 Sierra Club, NRDC, et al., request that this petition

 16 for determination of need be denied.

 17 Thank you very much.

 18 CHAIRMAN EDGAR: Thank you. Ms. Perdue.

 19 MS. PERDUE: Thank you, Madam Chair and

 20 Commissioners. On behalf of Associated Industries of

 21 Florida, we appreciate the opportunity that you've given

 22 us to intervene in this case.

 23 Earlier today you heard from Mr. Bishop, the

 24 president and CEO of Associated Industries, and I will

 25 try not to duplicate the information that he provided to

 207

 1 you, but to briefly remind you, AIF represents Florida's

 2 business community. We've considered ourselves the

 3 voice of Florida's business community before appointed

 4 and elected officials since 1920. We support FPL's

 5 petition for determination of need for the Glades unit,

 6 and we believe that the petition should be approved.

 7 Talking first about your requirement under

 8 Florida law to evaluate the electricity needs of

 9 Florida's residents and businesses, it's very clear to

 10 everyone -- it has been stated earlier here in public

 11 testimony, and there are numerous other statistics and

 12 data available to show that our state is growing

 13 exponentially. Our economy is one of the best of all

 14 the states in the country. Our unemployment rates are

 15 low. We are an attractive state for business. But

 16 because of that growth, there's a greater demand to

 17 accommodate the growth, especially the demand for

 18 electricity.

 19 AIF's members and the business community

 20 require adequate and reasonably priced electricity in

 21 order to conduct our business in this state and for our

 22 growth and success to continue. We believe that the

 23 Glades units are needed to meet the growing energy needs

 24 that our current growth rates demand, and we also

 25 believe that the testimony and the evidence before you

 208

 1 throughout the rest of this hearing will show that FPL

 2 has put forth a project that is well thought out and is

 3 well planned and is the best available plant that can be

 4 built right now to meet the needs right now. We've

 5 certainly heard today that in the future, regulations

 6 may change or technology may change or something may be

 7 different, but the reality is, the growth for this state

 8 is here now, and the demands and the needs for Florida's

 9 businesses and residents are here now, and we believe

 10 the proposal before you is the best solution for the

 11 needs of the state now.

 12 You're also required to look at the state's

 13 needs for fuel diversity and supply reliability, and we

 14 believe that it's critical to diversify the fuel sources

 15 from which electricity is generated in this state. As

 16 Mr. Bishop said earlier, we support other types of

 17 projects in addition to what we are supporting with

 18 FP&L. But again, we believe you should approve the

 19 proposed Glades power plant in order to create a stable

 20 investment climate so that electric utilities like FPL

 21 can build more fuel diverse generation to meet our

 22 state's needs.

 23 We also believe that approval of the Glades

 24 unit will mitigate the risks of supply disruption

 25 associated with natural gas-fired generation. It will

 209

 1 also help mitigate the electric price volatility that's

 2 associated with reliance on natural gas-fired

 3 generation. We believe that the addition of this clean

 4 coal electric generation technology that this plant will

 5 provide will augment and balance FPL's natural gas-fired

 6 generation with much-needed solid fuel generation.

 7 We appreciate again the opportunity to

 8 participate in this hearing and urge you to approve the

 9 petition.

 10 CHAIRMAN EDGAR: Thank you. Mr. Krasowski.

 11 MR. KRASOWSKI: Good afternoon once again,

 12 Madam Chair and Commissioners. It's a pleasure to be

 13 here in front of you today to be able to participate in

 14 our civilization, our culture, our country's processes

 15 that affect us. It's certainly unique to our culture

 16 that we're here as ratepayers sitting here doing this.

 17 I prepared my statement in writing so that I

 18 don't drift as much as I usually do, so pardon me if I'm

 19 not making the eye contact. And then when I'm done

 20 reading this, there will be a few points I would like to

 21 make.

 22 My name is Bob Krasowski, and I'll be

 23 addressing the concerns that Jan and I have regarding

 24 the Glades Power Park from our perspective as

 25 ratepayers.

 210

 1 The need for energy in the future is

 2 undeniable. How we determine what that need is and how

 3 we provide for it while satisfying the requirements of

 4 systems integrity, reliability, conservation,

 5 cost-effectiveness, as well as diversity, are what we

 6 are here to discuss and what you, the Commissioners,

 7 along with others, will ultimately decide.

 8 The good people of FP&L have proposed to build

 9 a 1,960-megawatt coal-fired power plant at the site of

 10 Lake Okeechobee at the headwaters of the Everglades in

 11 south central Florida. And as part of their effort,

 12 they have expressed a desire to provide the best proven

 13 power generation options as they now see them. It is

 14 our contention that there is more information and data

 15 to be considered and processed before the PSC and others

 16 can make a prudent and reasonable determination to

 17 approve FPL's petition.

 18 At this point, I would like to acknowledge the

 19 good works of FP&L, and especially the good works of

 20 this Commission. We understand that efforts have been

 21 made in the past and continue in regard -- in the

 22 present in an effort to establish effective energy

 23 policies for the residents of Florida. It is these

 24 efforts that we would like to build on.

 25 There are notable court cases which have been

 211

 1 decided since the testimony submitted in this case has

 2 been presented, namely, the Supreme Court ruling that

 3 the EPA can regulate CO2 and the federal ruling in

 4 federal court, the ruling in federal court in West

 5 Virginia that local municipalities or governments can

 6 prohibit mountaintop removal of coal. And, of course,

 7 we'll discuss this with the witnesses as far as the

 8 effect this might have on the economics of coal.

 9 Different demand-side management and

 10 efficiency strategies such as the Florida Solar Energy

 11 Center's zero energy building program have not been

 12 mentioned in the testimony on either side, nor has the

 13 solar hot water heater program where the utility

 14 provides hot water heaters to its customers under

 15 contract, which is going on now in Lakeland, Florida,

 16 which is a very impressive blend of using the utility to

 17 provide the service, still allowing the utility to be

 18 the utility that provides the power to heat your water.

 19 I don't know if -- we'll be asking the people with the

 20 testimony if they're familiar with this program and ask

 21 them to elaborate on it, and hopefully they'll engage us

 22 in conversation about it.

 23 There are many alternative visions regarding

 24 energy policy, but we would like at this time to suggest

 25 that the analysis of efficiency strategies, economic

 212

 1 incentives to power companies and people, and

 2 technologies under consideration by the Florida

 3 Legislature, the Commission created by the Legislature,

 4 namely, the Century Commission, who has identified

 5 climate change as the number one concern facing Florida

 6 in its long-term planning, and the Energy Commission,

 7 which is charged with developing a Florida energy plan.

 8 Now, the Energy Commission has only had two

 9 meetings, and they've broken into subcommittees, and the

 10 Subcommittee on Efficiency and Conservation hasn't even

 11 met yet. They'll be meeting later this month. And

 12 there's a full assortment of ideas and programs and

 13 policies that are being suggested to them, and we expect

 14 a lot to come out of that.

 15 And I did see the chair at their initial

 16 meeting, so I know there's quite a network of interest

 17 within the state government, and people are watching

 18 this and participating at the highest levels, and the

 19 effort specifically identified by the Honorable Governor

 20 Charlie Crist in his State of the State address that he

 21 wants to, after this legislative session, bring the best

 22 minds together to study the Florida energy situation.

 23 So I suppose he means he's going to be adding more to

 24 the best minds that are already focused on this.

 25 These state-sponsored actions represent solid

 213

 1 actions and activities that will in fact change the

 2 baseline of information and data that has been

 3 identified to this point as the basis for the needs

 4 assessment used to advocate for or promote this project.

 5 As ratepayers, we don't want to participate in

 6 the economic risk and environomic negative behavior that

 7 we believe this plant and other coal-burning technology

 8 represents. We understand and respect the positions

 9 represented by the residents of Glades County, and

 10 that's all the people of Glades County. I've been in a

 11 lot of places, and I've been out to Glades County, and

 12 they're very, very nice people. I don't think you'll

 13 find better people anywhere, and that's both sides.

 14 You've heard from them, and they're just nice people.

 15 And I believe that economic needs of the

 16 people of Glades County, even after this project, if it

 17 doesn't move forward, which we hope it doesn't, even

 18 after this project does not move forward, that the

 19 economic considerations of Glades County be remembered,

 20 and that maybe FP&L could place a training center out

 21 there for their linemen, and hopefully the people that

 22 will be maintaining the solar collectors that they put

 23 on everybody's home, but not just drop Glades County.

 24 They do seem to have a need.

 25 So based on the aforementioned issues, we

 214

 1 respectfully request that the needs determination for

 2 this project be put in abeyance. Or as some say, delay

 3 is denial. If that's what it takes, just deny this,

 4 this proposal. But we suggest it could be put in

 5 abeyance for at least two and a half years until a

 6 thorough and a correct analysis of the need is

 7 established.

 8 And I go back to the fact that all these --

 9 the Legislature, these commissions, these committees,

 10 and the Governor are all going to be looking at this,

 11 and we're sure that a lot will come out of that. So why

 12 jump the gun on doing such a large project that expands

 13 into the future by 40 years when, if we could hold up

 14 for a couple of years, we're pretty confident that

 15 alternatives will play out? And through the course of

 16 the testimony that will be presented and the witnesses

 17 being up here, we'll try to develop an understanding

 18 that there is more to be known, so it will support our

 19 position that we should hold off, because I think

 20 there's few things worse than jumping the gun on

 21 something as big as this and as important at this.

 22 So for the moment, I'll say one thing finally

 23 to wrap up. President John Kennedy started a program to

 24 put a man on the moon before the decade was out. It

 25 took him like eight years to do it. That's coming

 215

 1 around again. There's a sense in the country that

 2 people really want to see some good things happen. So

 3 let's seize the opportunity to draw everyone in together

 4 and really hear this thing out, and maybe Governor

 5 Charlie Crist or someone will be able to give us a

 6 challenge similar to that. The technology is out there.

 7 The opportunity is out there. We just have to kind of

 8 break down some barriers and get everybody working on

 9 the same page. I think it could be a exciting time in

 10 store for us.

 11 Thank you very much. I appreciate your

 12 listening to my comments.

 13 CHAIRMAN EDGAR: Thank you, Mr. Krasowski.

 14 Okay. That concludes the opening statements.

 15 I think what I would like to do is take just about five

 16 minutes while we switch gears a little bit and then --

 17 and I do mean five minutes. So we'll take a very short

 18 break, and then when we come back, Mr. Litchfield, we'll

 19 start with your witness. And I would ask all of the

 20 parties for all of your witnesses, if you would remind

 21 them of the five minutes in the Prehearing Order for

 22 their prepared statements.

 23 So we are on a short break.

 24 (Short recess.)

 25 CHAIRMAN EDGAR: Okay. We will go back on the

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 1 record. Mr. Litchfield, your first witness.

 2 MR. LITCHFIELD: Thank you, Madam Chairman.

 3 FPL's first witness is Mr. Armando Olivera. And I'm

 4 wondering if you intend to swear --

 5 CHAIRMAN EDGAR: We will need to go ahead and

 6 swear you in. If you would, Mr. Olivera, stand with me

 7 and raise your right hand.

 8 Thereupon,

 9 ARMANDO J. OLIVERA

 10 was called as a witness on behalf of Florida Power &

 11 Light Company, and having been duly sworn, testified as

 12 follows:

 13 DIRECT EXAMINATION

 14 BY MR. LITCHFIELD:

 15 Q. Mr. Olivera, would you please state your name

 16 and business address for the record.

 17 A. Armando Olivera, 700 Universe Drive, Juno

 18 Beach, Florida, 33408.

 19 Q. And by whom are you employed and in what

 20 capacity?

 21 A. I'm president of Florida Power & Light.

 22 Q. Have you prepared and caused to be filed 28

 23 pages of prefiled direct testimony in this proceeding?

 24 A. I have.

 25 Q. And did you also cause to be filed errata to

 217

 1 your testimony on April 13, 2007?

 2 A. I have.

 3 Q. Do you have any further changes or revisions

 4 to your prefiled direct testimony other than reflected

 5 on the errata sheet that you've mentioned?

 6 A. No, I do not.

 7 Q. With those changes, if I were to ask you the

 8 same questions contained in your prefiled direct

 9 testimony today, would your answers be the same?

 10 A. Yes, it would.

 11 MR. LITCHFIELD: Madam Chair, I would ask that

 12 Mr. Olivera's prefiled direct testimony be inserted into

 13 the record as though read.

 14 CHAIRMAN EDGAR: The prefiled testimony will

 15 be inserted into the record as though read.

 16 BY MR. LITCHFIELD:

 17 Q. Mr. Olivera, are you sponsoring any exhibits

 18 to your direct testimony?

 19 A. Only one exhibit, which is my bio.

 20 MR. LITCHFIELD: And that is identified as

 21 document AJO-1, which I would indicate, Madam Chair, has

 22 already been premarked for identification as Number 3.

 23

 24

 25

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 1 BY MR. LITCHFIELD:

 2 Q. Mr. Olivera, have you prepared a summary of

 3 your direct testimony?

 4 A. I have.

 5 Q. Would you please provide that to the

 6 Commission at this time.

 7 A. I will. Thank you. Good afternoon, Chairman

 8 Edgar, Commissioner Carter, and Commissioner McMurrian.

 9 I really appreciate the opportunity to present the

 10 summary of my testimony and an overview of the FP&L

 11 Glades Power Park.

 12 Today we have a long roster of witnesses that

 13 will provide extensive details on all aspects of the

 14 need analysis and specifications of the plant. FP&L's

 15 Glades power plant is the best, most cost-effective way

 16 to met the growing energy needs of our customers. It

 17 takes into account fuel diversity, it provides reliable

 18 power at a reasonable cost, and it's environmentally

 19 responsible.

 20 We need to maintain fuel diversity in our

 21 system. The Florida Legislature has encouraged a more

 22 diverse fuel mix. This Commission in its order

 23 approving the need for the West County combined cycle

 24 plant reminded us of the need for greater fuel

 25 diversity.

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 1 Natural gas is a great fuel, and our customers

 2 have really benefited from it, but you can have too much

 3 of a good thing. And without this plant, 71 percent --

 4 we will be 71 percent dependent on natural gas by 2016.

 5 Natural gas has been a very volatile fuel, and the U.S.

 6 has become increasingly dependent on foreign sources of

 7 natural gas and is projected to be even more so in the

 8 future.

 9 The United States has an abundant supply of

 10 coal, and unlike other fossil fuels, this is something

 11 that we have, as you'll hear from one of our witnesses,

 12 over a 200-year supply of coal. This is one way that it

 13 will contribute to energy independence in our country.

 14 Coal will also help mitigate the effects of delivery

 15 disruptions and price spikes that we have seen in the

 16 last few years during the more active hurricane seasons.

 17 So this project goes a long ways towards giving us the

 18 extra diversity.

 19 Let me just briefly turn to the environmental

 20 side. FP&L is an environmental leader. This plant is

 21 consistent with this. The technology selected will be

 22 highly efficient and cheaper and cleaner than other

 23 solid fuel alternatives. It will employ

 24 state-of-the-art emissions. You will hear from expert

 25 witnesses how well the air impacts of this plant compare

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 1 with state and federal standards that are in place to

 2 protect public health and welfare. Environmental

 3 considerations are important to us, and should be to

 4 everyone evaluating this project. With this plant, we

 5 will continue to be one of the cleanest, lowest-emitting

 6 utilities anywhere in the country, and our emissions

 7 profile per megawatt-hour will be better than it is

 8 today.

 9 Let me briefly touch on the need. No one is

 10 more aware than this Commission that Florida's economy

 11 and its population continue to grow. No utility must

 12 plan for the growth that we have in Florida. In the

 13 past decade, FP&L has added an average of 85,000 new

 14 customers each year. In the past 20 years, electric

 15 usage per customer has increased by approximately

 16 30 percent. The need for this plant is clear.

 17 Despite one of the most successful demand-side

 18 management programs in the country, our growth is still

 19 the equivalent of a power plant a year, or about

 20 600 megawatts. The United States Department of Energy

 21 ranks Florida Power & Light as number one in

 22 conservation and number four in energy management

 23 programs. We remain committed to pursuing

 24 cost-effective DSM programs. Between 2006 and 2015,

 25 FP&L will add almost 1,400 megawatts of demand-side

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 1 management programs, and this will avoid two or three

 2 good sized power plants. But growth in the state far

 3 exceeds what can be achieved with DSM.

 4 The same is true for renewables. Our

 5 affiliate company, FP&L Energy, is the world's largest

 6 renewable provider. They're number one in wind in the

 7 U.S. and number one in solar. And so we have access to

 8 people who understand this technology. We've been

 9 focused on renewables. We are an industry leader in

 10 purchased renewables. But right now, there are not

 11 enough renewables to offset 600 megawatts of growth each

 12 year.

 13 We simply cannot get there with DSMs and

 14 renewable programs. From time to time, we must add base

 15 load capacity. And we firmly believe that this is the

 16 best solution that we can pursue at this time to

 17 maintain fuel diversity, to ensure system reliability,

 18 and to mitigate price volatility for our customers. We

 19 have a real need, and this is the way to meet it.

 20 I thank you for this opportunity to speak

 21 regarding our request. This concludes the summary of my

 22 testimony.

 23 CHAIRMAN EDGAR: Thank you.

 24 MR. LITCHFIELD: Madam Chairman, FPL tenders

 25 Mr. Olivera for cross-examination.

 250

 1 CHAIRMAN EDGAR: Thank you. Ms. Perdue, any

 2 questions?

 3 MS. PERDUE: No questions.

 4 CHAIRMAN EDGAR: No questions. Okay.

 5 Mr. Beck.

 6 MR. BECK: No questions.

 7 CHAIRMAN EDGAR: No questions? Mr. Gross.

 8 MR. GROSS: Thank you, Madam Chair. I do have

 9 questions.

 10 I don't know whether to say good afternoon or

 11 good evening, Mr. Olivera.

 12 I would like to pass out an exhibit that I

 13 would like to question Mr. Olivera about.

 14 CHAIRMAN EDGAR: Mr. Gross, I am on -- we'll

 15 mark it 159. And can you give me a title?

 16 MR. GROSS: This is USCAP, "A Call for

 17 Action."

 18 CHAIRMAN EDGAR: Thank you.

 19 (Exhibit 159 marked for identification.)

 20 MS. BRUBAKER: Just a point of clarification,

 21 if I may, Madam Chairman.

 22 CHAIRMAN EDGAR: Ms. Brubaker.

 23 MS. BRUBAKER: I believe this is the same

 24 document or substantially the same document that was

 25 identified as Hearing Exhibit 148 with Mr. Cavros's

 251

 1 public testimony. I just want to point that out,

 2 because I've had several people say, "Deja vu."

 3 CHAIRMAN EDGAR: Okay. I know that the front

 4 is the same, but I'm not sure if all of the content is.

 5 MS. BRUBAKER: Okay. Thank you.

 6 MR. GROSS: Mr. Olivera --

 7 MR. LITCHFIELD: I'm sorry, Madam Chairman.

 8 Before we -- I'm sorry.

 9 CHAIRMAN EDGAR: Mr. Litchfield, yes.

 10 MR. LITCHFIELD: I'm sorry. I'm looking at

 11 the exhibit, and it actually appears to be a composite

 12 exhibit. It appears to consist of more than just USCAP

 13 Call for Action. If I'm wrong about that, counsel could

 14 perhaps clarify.

 15 CHAIRMAN EDGAR: Mr. Gross.

 16 MR. GROSS: Well, that's news to me. I'll

 17 stand -- oh, I see. At the bottom, it looks like

 18 another exhibit inadvertently got stapled. Just tear

 19 that off.

 20 MR. LITCHFIELD: That would be the last three

 21 pages, at least according to my copy.

 22 CHAIRMAN EDGAR: And that's what I'm looking

 23 at as well.

 24 MR. GROSS: Yes, yes. And I apologize for

 25 that. I was unaware that that inadvertently was

 252

 1 attached.

 2 CHAIRMAN EDGAR: Okay. We've got a lot of

 3 paperwork. Thank you, Mr. Litchfield, for pointing that

 4 out. So the last three pages with the charts will be

 5 removed from what had been marked 159, and we'll go from

 6 there.

 7 CROSS-EXAMINATION

 8 BY MR. GROSS:

 9 Q. Mr. Olivera, this document, "USCAP, A Call for

 10 Action," that has been marked as Exhibit 159, are you

 11 familiar with this document?

 12 A. Yes, I'm generally familiar with the contents.

 13 Q. Can you just in general terms tell me what

 14 this document represents?

 15 A. It is a document drafted by large corporations

 16 in the U.S. that sort of laid forth a series of

 17 principles on how we should go about climate change

 18 regulation or legislation.

 19 Q. Is it true to your knowledge that FPL Group,

 20 FPL's parent, is a signatory to this report?

 21 A. Yes, it is.

 22 Q. Is it true that this report is a consensus

 23 document that reflects the collective view of the

 24 participants?

 25 A. It represents generally the views of all the

 253

 1 participants.

 2 Q. Would you please turn to page 6 of the

 3 document.

 4 This document on page 6, among other things,

 5 says that Congress should specify an emission target

 6 zone aimed at reducing emissions by 60 percent to

 7 80 percent from current levels by 2050; is that correct?

 8 A. Bear with me while I look for the specific

 9 wording, but it --

 10 MR. LITCHFIELD: Perhaps Mr. Gross can refer

 11 him to the specific sentence.

 12 MR. KRASOWSKI: Excuse me, but we don't

 13 have --

 14 CHAIRMAN EDGAR: Are you actually on page 7?

 15 Are you looking at page 7? I'm sorry, Mr --

 16 THE WITNESS: I'm looking on page 6. I'm

 17 sorry. I'm having trouble finding it.

 18 CHAIRMAN EDGAR: Mr. Olivera, just a moment.

 19 Mr. Krasowski.

 20 MR. KRASOWSKI: I'm sorry. We found --

 21 CHAIRMAN EDGAR: That's okay.

 22 MR. KRASOWSKI: -- page 6. We were having

 23 trouble finding page 6.

 24 CHAIRMAN EDGAR: I understand. I was myself

 25 there for a few moments, because we've got two pages per

 254

 1 page, I think.

 2 BY MR. GROSS:

 3 Q. Okay. I'm sorry. It is page 7, and it is

 4 confusing the way this document has been prepared, the

 5 format. Two pages are really on one sheet, and it's at

 6 the bottom of the first column on page 7, on the

 7 left-hand column.

 8 A. I see it now. Thank you.

 9 Q. And by being a signatory to this paper, is

 10 that a position endorsed by FPL?

 11 A. Yes, it is.

 12 Q. Okay. Is it true that this reduction is

 13 needed in order to stabilize greenhouse gas levels at a

 14 carbon dioxide equivalent level between 450 to 550 parts

 15 per million, the level scientists say is required to

 16 avoid serious climate disruption?

 17 A. Let me just preface and tell you that while we

 18 signed on to this, I am not an expert that can talk to

 19 you about the speed that these programs should be

 20 implemented. As we signed on for these programs, we

 21 signed on with really the belief that a policy was

 22 necessary and that we do need slow down the emissions.

 23 I am not an expert, and I'm not here to address with you

 24 the rate that it should be done.

 25 Q. I understand, and that's a fair statement. I

 255

 1 appreciate that.

 2 As you understand it, FPL Group is committed

 3 to the principles and recommendations identified in this

 4 report?

 5 A. Yes. We do believe that it is important that

 6 as a matter of public policy that we address the effects

 7 of climate change.

 8 Q. I would like to ask you a question about page

 9 17 of your direct testimony. It looks like it was filed

 10 on February 1st, but actually dated January 29. Do you

 11 have a copy of that?

 12 A. I do.

 13 Q. Is it your testimony that CO2 regulation is

 14 likely?

 15 A. I think we -- yes, we believe that it is

 16 likely, and we also believe that it will be good public

 17 policy to have legislation that identifies some --

 18 imputes a cost to carbon emissions, either through cap

 19 and trade or through a carbon fee, which is really what

 20 we have in a separate document that we have recommended.

 21 Q. So is it fair to say that FPL supports that

 22 type of regulation?

 23 A. Yes, it's fair to say that we support some

 24 sort of cost associated with carbon emissions.

 25 Q. And is it true that the point of such

 256

 1 regulation would be to stabilize CO2 to avoid major

 2 impacts of global warming, like sea level rise, which

 3 would seriously affect the State of Florida?

 4 A. The general principle is that you slow down

 5 the emissions of carbons, ultimately you stabilize it,

 6 and then in the third phase, you reduce carbon

 7 emissions. That's kind of the general framework of what

 8 really all of the things that we've been participating

 9 in espouse.

 10 I may also like to add that we are in support

 11 of this legislation, not just because we are very

 12 concerned about climate and the impact, because we

 13 believe that it's important that there be economic

 14 signals in terms of carbon emissions so that those

 15 entities that produce, effectively, the low-hanging

 16 fruit, that there's a cost associated with that so that

 17 that gets tackled first.

 18 We also have been involved in the dialogue

 19 because we're very concerned that our customers could

 20 end up in a situation where they end up -- our customers

 21 have, frankly, paid the price for us to be a clean

 22 burning utility, because we burn so much natural gas and

 23 because our emissions are low. Under some of the

 24 scenarios that have been contemplated, our customers

 25 could actually end up paying twice. They've paid for us

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 1 being a clean utility, and then they could end up having

 2 to pay a tax to clean up dirtier plants elsewhere. So

 3 we also believe that it's good for us to be engaged, to

 4 participate and to try to the best extent that we can to

 5 try to ensure that whatever legislation ultimately gets

 6 put in place also gives our customers credit for what

 7 they have effectively already paid for, which is this

 8 clean generation portfolio that we have.

 9 Q. Mr. Olivera, as the USCAP document says, that

 10 would mean reducing CO2 emissions by 60 to 80 percent by

 11 2050. Would you agree that that's a pretty dramatic

 12 reduction?

 13 A. Yes, it would be a significant reduction.

 14 Q. So if we're going to confront the problem that

 15 gives rise to the need for CO2 reductions, which FPL

 16 supports, the federal reduction requirements would need

 17 to be pretty stringent; would you agree?

 18 A. I think you would -- yes, you would have to

 19 have some significant costs imputed in carbon emissions.

 20 Q. So would it be fair to say that we should

 21 expect rather aggressive CO2 controls?

 22 A. I can't sit here today and tell you what will

 23 happen in terms of federal regulation or what will

 24 happen through other regulatory agencies. It would be

 25 pure speculation on my part. I will tell you that we

 258

 1 support it. We think it's good public policy. But the

 2 rate that that will go into effect, how high those taxes

 3 will be, you know, I think there's a range of outcomes.

 4 I do think that in the context of this

 5 particular plant, I think we have modeled what we

 6 believe are reasonable carbon costs, and you will hear

 7 that both from Mr. Silva, who is the individual

 8 primarily in charge of the modeling, and you will also

 9 hear it from Mr. Judah Rose, who is the outside

 10 consultant that we hired to help us really validate

 11 whether the assumptions that we were making about

 12 carbon, carbon costs, whether it's cap and trade -- it's

 13 really a proxy, whether it's cap and trade or whether

 14 it's a carbon fee, that we have adequately reflected

 15 that in the economic analysis that we conducted for

 16 coming forward with the need.

 17 Q. Mr. Olivera, would you please look at page 9

 18 of this USCAP document in the right-hand column, on the

 19 right-hand side of page 9, the middle paragraph. I

 20 would like to refer your attention to what's entitled

 21 "New coal-based energy facilities and other stationary

 22 sources." And it says, "Policies are needed to speed

 23 transition to low- and zero-emission stationary sources

 24 and strongly discourage further construction of

 25 stationary sources that cannot easily capture CO2

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 1 emissions for geologic sequestration. Regardless of how

 2 allowances are generally allocated, they should not be

 3 allocated to such new sources."

 4 Now, you've previously stated that FPL is a

 5 signatory and supports the policies in this document;

 6 correct?

 7 A. Yes, correct.

 8 Q. Okay. And this policy is to strongly

 9 discourage further construction of stationary sources

 10 that cannot easily capture CO2 emissions for geologic

 11 sequestration. Now, isn't it true that the proposed

 12 FGPP units are stationary sources that cannot easily

 13 capture CO2 emissions at this time?

 14 A. I think what you will hear from our expert

 15 witness, Mr. Jenkins, is that our facility has the same

 16 ability to capture carbon and sequester carbon as an

 17 IGCC facility.

 18 Another data point is, there was recently an

 19 MIT study that was released that frankly also validated

 20 that, that both technologies will have an equal chance

 21 of ultimately being able to ultimately capture carbon.

 22 So I would say that our plant has that.

 23 And in this document, it does contemplate that

 24 there needs to continue to be a role for advanced coal

 25 technologies in this country. Fifty percent of the

 260

 1 energy that's generated in this country is generated by

 2 coal, so it does not contemplate that we will either

 3 shut down all these coal plants or not use this abundant

 4 fossil fuel that we have.

 5 Q. Well, I guess my question wasn't really a

 6 comparison between the plants that your company is

 7 proposing and IGCC plants, but can your plant easily

 8 capture CO2 emissions for geologic sequestration?

 9 A. Our plant has the same probability, the same

 10 ability today to capture carbon as any other available

 11 technology that's out there. And I would suggest if you

 12 want to get a technical explanation, we have a witness,

 13 Mr. Steve Jenkins, who is really a highly technical guy

 14 that can really go into a lot of details with you about

 15 why either technology today has the ability to

 16 ultimately capture carbon. Recognize, this is all

 17 evolving technology.

 18 Q. I understand that -- you've clarified that

 19 you're not an expert in this area, but do you know where

 20 the CO2 emissions would be sequestered with the

 21 technology that FPL is the promoting?

 22 A. I'm sorry. I'm not sure that I understand.

 23 Which CO2 emissions are you referring to?

 24 Q. For the plants that you are proposing, where

 25 would the CO2 emissions be sequestered?

 261

 1 A. I'm sorry. I'm still a little -- you're

 2 talking about the Glades power plants?

 3 Q. Yes, the Glades plants.

 4 MR. LITCHFIELD: Madam Chairman, may I ask for

 5 a clarification with respect to the question as well?

 6 CHAIRMAN EDGAR: Mr. Litchfield.

 7 MR. LITCHFIELD: Does Mr. Gross wish

 8 Mr. Olivera to assume that that capture technology has

 9 become commercially viable? If that's the predicate,

 10 then I have no objection to the question.

 11 MR. GROSS: Well, this document is strongly

 12 discouraging further construction where the technology

 13 is not viable, and I'm not getting a straight answer to

 14 that question. I mean, does the -- do the Glades

 15 plants --

 16 CHAIRMAN EDGAR: Hold on a second.

 17 MR. GROSS: Okay.

 18 CHAIRMAN EDGAR: I think it's all very

 19 technical, and I think we're all trying to get there.

 20 Mr. Gross, I will allow you to ask the question again.

 21 But if you can answer Mr. Litchfield's question, that

 22 might be helpful for the witness as well.

 23 MR. GROSS: I'm not saying -- well, I think

 24 he's asking me a question that's going to be part of our

 25 case. Mr. Litchfield, were you asking is there

 262

 1 commercially viable CO2 capture technology?

 2 MR. LITCHFIELD: No. I was simply attempting

 3 to clarify what I though was some potential confusion on

 4 the part of the witness and potentially in the dialogue

 5 that I was hearing. And I just simply wondered whether

 6 you were asking him to assume commercial viability of

 7 capture, and then with that question, where would it be

 8 sequestered. That was really simply all I was trying to

 9 do.

 10 MR. GROSS: Okay.

 11 BY MR. GROSS:

 12 Q. Well, is it fair to say that the plants, the

 13 Glades FGPP plants do not currently have commercially

 14 viable CO2 capture technology?

 15 A. Yes, it is fair to say today, with the current

 16 specifications, the plant does not have carbon capture.

 17 But I do want to point, since we're talking

 18 about this document, to page 5, which really lays out

 19 the premise of the document. In the first paragraph, it

 20 really says the objective -- one of the principles is to

 21 promote the technology that will ultimately allow for

 22 carbon capture in a cost-effective way and storage. And

 23 I would just read the last two sentences,

 24 "cost-effective carbon capture and storage, which will

 25 be particularly important in the deployment of advanced

 263

 1 coal technologies." So one of the principles of this

 2 is, let's promote the R&D associated with these types of

 3 technologies and try to do it in a cost-effective way.

 4 Q. Okay. I'm going to ask one more question

 5 about this. This document strongly discourages

 6 construction of coal plants that cannot easily capture

 7 CO2 emissions for geologic sequestration. And the

 8 plants that FPL is proposing, the Glades FGPP plants,

 9 cannot easily capture -- or cannot capture at this time

 10 CO2 emissions for geologic sequestration; is that

 11 correct?

 12 A. Yes. I believe I've already answered that

 13 question.

 14 Q. Okay. Thank you. We'll move on.

 15 Now, is it your testimony that FPL has lower

 16 emission rates than other large utilities?

 17 A. It is my testimony that we have lower emission

 18 rates than most other utilities in the U.S.

 19 Q. Now, is this due in large part to the fact

 20 that FPL has relatively less coal in its portfolio?

 21 A. Yes. It's a combination of having a large

 22 dependence on natural gas and having a very new fleet of

 23 combined cycle plants, natural gas-fired combined cycle

 24 plants.

 25 Q. On page 19 of your testimony, you state that

 264

 1 FPL's CO2 per megawatt is trending down even with the

 2 FGPP plants?

 3 MR. LITCHFIELD: May I ask for a line number,

 4 please?

 5 CHAIRMAN EDGAR: Mr. Gross, what I'm looking

 6 at looks like it may be the bottom of page 18 and the

 7 top of 19.

 8 MR. GROSS: Yes. I'm sorry. I have the page

 9 numbers. I just saw that language. Oh, here it is. I

 10 see it. It's at the very bottom of page 18, "In fact"

 11 -- lines 21 through 23. "In fact, as Mr. Ken Kosky

 12 states in his testimony, even with the addition of FGPP,

 13 FPL's average rate of CO2 emissions would be trending

 14 downward."

 15 BY MR. GROSS:

 16 Q. That is your testimony?

 17 A. Yes, it is.

 18 Q. Okay. And if these questions are beyond your

 19 expertise, please state, as you have already done so.

 20 Strictly speaking, to address global warming, it is

 21 total CO2 output that matters, not CO2 rates per

 22 megawatt; is that correct?

 23 A. I think you have to look at both the actual

 24 CO2 and the rates of emissions when you're putting

 25 together policy on what's the appropriate thing to do.

 265

 1 Q. Would the FGPP units increase FPL's total CO2

 2 output?

 3 A. Yes, they would.

 4 Q. Would you expect FGPP to be still operating in

 5 2050, the date by which we need to reduce CO2 emissions

 6 by 60 to 80 percent?

 7 A. Yes, I really do believe that between now and

 8 then we will come up with cost-effective technologies

 9 that will address the concerns that we have for -- with

 10 climate change. I am an engineer, and I'm a firm

 11 believer that if we set our minds to it as a country and

 12 as a society that we'll be successful.

 13 Q. Between now and 2050, isn't it true that the

 14 FGPP units would emit millions of tons of CO2 every

 15 year?

 16 A. I haven't done the calculation.

 17 Q. Is FPL proposing now to offset its CO2

 18 emissions by closing some other facility?

 19 A. Not at this time.

 20 Q. Now, do you recall in your testimony

 21 explaining that without FGPP, 71 percent of FPL's power

 22 would come from natural gas in 2016?

 23 A. Yes, I recall saying that we will become

 24 increasingly dependent on natural gas, and if we replace

 25 the output of this Glades plant with natural gas, we

 266

 1 would be -- 71 percent of our energy will come from

 2 natural gas.

 3 Q. Is it correct that this statement assumes that

 4 FPL will not identify any DSM efficiency or conservation

 5 measures beyond what it already anticipates?

 6 A. I think the statement assumes 1,500 megawatts

 7 of DSM or close to 1,500 megawatts of DSM in the

 8 calculation. That's over the next five to seven years.

 9 Q. Does the statement also assume that FPL will

 10 not generate any additional power from renewable

 11 sources?

 12 A. I will have to defer to Mr. Silva on the

 13 details, but I believe that it assumes some incremental

 14 level of renewables, but that would not be sufficient to

 15 significantly alter the energy mix.

 16 Q. Assuming FPL is unable to build FGPP, is it

 17 FPL's intent to stop looking for additional DSM

 18 efficiency and conservation opportunities beyond those

 19 already planned?

 20 A. No. We will continue to look for

 21 cost-effective ways to increase DSM. But based on the

 22 information we have today and the analysis that we have

 23 conducted today, it's clear to us that the majority or

 24 all of the capacity associated with the Glades power

 25 plant would have to be replaced with natural gas.

 267

 1 Q. Assuming again that FPL is unable to build the

 2 FGPP units, would it be FPL's intent not to aggressively

 3 pursue opportunities for renewable sources of energy?

 4 A. No. I think our record speaks for itself,

 5 that we have been, and with the Commission's direction,

 6 we have been aggressively pursuing DSM, and we will

 7 continue to do so. But all of the analysis that we have

 8 done -- and our witness, Dennis Brandt, can go into a

 9 lot more detail -- shows that we have done everything we

 10 can. And it's because we have concluded that we can't

 11 do much more that we're here today requesting approval

 12 of this need.

 13 Q. Isn't it fair to say that the things that

 14 we've been discussing, DSM efficiency and conservation

 15 opportunities and opportunities for renewable sources of

 16 energy, would have an impact on the estimate that

 17 natural gas will reflect 71 percent of FPL's generation?

 18 A. No. I think I have already said to you that

 19 we are including that in our conclusion that 71 percent

 20 of it would have to be -- would end up being natural gas

 21 if we're not successful in building this plant.

 22 Q. Would purchased power if it were available

 23 have an impact on how much of FPL's power is subject to

 24 potential disruption and/or volatility?

 25 A. Can you elaborate on your question? Because

 268

 1 the answer is really dependent on what kind of purchased

 2 power were we're talking about and where it comes from.

 3 Q. I'll move on. And I apologize. I have a page

 4 number, but no line numbers.

 5 Please look at page 8, lines 19 through 21 of

 6 your testimony.

 7 MR. LITCHFIELD: I'm sorry, Mr. Gross. What

 8 page was that?

 9 MR. GROSS: Page 8, lines 19 through 21.

 10 BY MR. GROSS:

 11 Q. Have you found that, Mr. Olivera?

 12 A. Yes, I have.

 13 Q. You state that the exclusive addition of

 14 natural gas generation would likely result in more

 15 volatility and higher fuel costs; correct?

 16 A. Yes, that's what it says.

 17 Q. This is an educated guess; is that true?

 18 A. No, I wouldn't say that it's a guess. It

 19 relies on outside consultants that are in the business

 20 of forecasting fossil fuel prices, and it reflects our

 21 understanding of what's happening to the supply/demand

 22 picture of natural gas in the United States. Demand for

 23 natural gas is growing at a faster rate than we're able

 24 to get the supply out of the United States. So that

 25 tightening relationship between supply and demand is

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 1 pushing up the price. It's classic economics. It's

 2 pushing up the price of natural gas.

 3 Q. Well, given the current state of change with

 4 respect to energy policy and global warming, is this

 5 kind of -- isn't it true that this kind of prediction is

 6 even less reliable than it otherwise would be?

 7 A. No. I think based on all the information that

 8 we have today, and if you assume that we will ultimately

 9 have some sort of carbon regulation, that there will be

 10 a tax, a fee, or some kind of a cap-and-trade system,

 11 ultimately that's going to push up the price of natural

 12 gas because it produces less carbon.

 13 Q. Would you please look at page 13, starting

 14 with lines 17 through 19.

 15 A. I'm sorry. Can you repeat the line numbers?

 16 Q. Page 13, lines 17 through 19.

 17 A. Okay.

 18 Q. Have you found that?

 19 A. I have.

 20 Q. Okay. You mentioned there that there's

 21 significant uncertainty regarding labor and material

 22 costs; correct?

 23 A. Correct.

 24 Q. Is it possible that these uncertainties may

 25 make the FGPP units significantly more expensive?

 270

 1 A. I will defer to Mr. Yaeger on any kind of

 2 detailed discussion about the cost estimates. We

 3 believe that we have taken reasonable precautions in

 4 terms of trying to lock in as much of the price as we

 5 can, but it is one of the risks associated with the

 6 project, and I will defer to him for a more detailed

 7 explanation.

 8 MR. GROSS: That concludes my questions. I

 9 would like to move the USCAP document, 159, into

 10 evidence.

 11 CHAIRMAN EDGAR: Okay. My preference,

 12 Mr. Gross, if that's all right, is to take up exhibits

 13 at the end of the witness's testimony. That's just

 14 generally the way I like to do things, if that works.

 15 MR. GROSS: Thank you. That's fine.

 16 CHAIRMAN EDGAR: Okay. Thank you.

 17 Commissioners? Commissioner Carter.

 18 COMMISSIONER CARTER: Thank you, Madam

 19 Chairman. Good afternoon, Mr. Olivera.

 20 I think that in listening to your discussion,

 21 you're saying that -- in the discussion about carbon

 22 taxes or whatever the case may be, whatever iteration it

 23 comes in, it's okay with FPL so long as everyone pays

 24 their fair share. Is that --

 25 MR. KRASOWSKI: Excuse me, Commissioner

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 1 Carter.

 2 COMMISSIONER CARTER: One moment, one moment.

 3 You have to speak to the Chair. She's --

 4 CHAIRMAN EDGAR: Mr. Krasowski, you will have

 5 the opportunity to ask questions. Is that what you were

 6 going to ask?

 7 MR. KRASOWSKI: Yes. I thought we went this

 8 way and then -- but --

 9 CHAIRMAN EDGAR: We generally do, but we defer

 10 Commissioners, who can jump in pretty much at any time

 11 that they choose.

 12 MR. KRASOWSKI: Yes, excuse me, absolutely. I

 13 apologize.

 14 CHAIRMAN EDGAR: But if I do ever miss

 15 somebody, it doesn't bother me to make sure that I'm

 16 aware of that. Okay. Commissioner Carter.

 17 COMMISSIONER CARTER: Thank you, Madam Chair.

 18 I think you were saying that you don't want to

 19 pay -- the context was that you didn't want to pay more

 20 than your fair share; is that right?

 21 THE WITNESS: Yes, Commissioner. I think in

 22 the context that I was talking about, one of our

 23 concerns, again, one of the reasons why we have stepped

 24 into the whole dialogue about what's the appropriate

 25 climate change legislation is, we are concerned that our

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 1 customers, which are roughly half the population of

 2 Florida, they have been for a long time paying for these

 3 natural gas combined cycle plants that have a very good

 4 emissions profile. They're clean plants.

 5 And our concern is that on some of the

 6 legislation that has been discussed, in some cases

 7 proposed, there would be an allocation, depending --

 8 let's just get to the economics. The areas where they

 9 have the dirtier coal-burning plants, those companies

 10 would end up getting, effectively, paid to clean up the

 11 plants, but those payments would come from the general

 12 body of customers. And in fact, in some cases, we would

 13 pay a disproportionate share for doing that, even though

 14 our plants don't need to be cleaned because they are

 15 already clean plants. So we are concerned and want to

 16 make sure that we have a place at the table when these

 17 those discussions are going on.

 18 COMMISSIONER CARTER: Just one follow-up.

 19 Well, it's not really a follow-up. It's a different

 20 subject matter. Is that okay?

 21 CHAIRMAN EDGAR: You have the floor.

 22 COMMISSIONER CARTER: Thank you, Madam Chair.

 23 You remember, or are you familiar with the

 24 X Prize competition they have? I think this year it's a

 25 $10 million award for enterprising aeronautics, and I

 273

 1 think Dick Rutan won it for the space plane that flew

 2 about 64 miles up. Do you remember that?

 3 THE WITNESS: Oh, yes. I think I am, yes.

 4 COMMISSIONER CARTER: Would it be totally

 5 absurd to expect, or maybe for the industry at large,

 6 not just the IOUs, but the entire industry, co-ops,

 7 munis, et cetera, to offer something similar to an

 8 X Prize in, you know, electricity generation that would

 9 come up -- I mean, most people said it couldn't be done,

 10 but Dick Rutan came up with the right kind of skin on

 11 his plane, he got the right pilot, he got the right

 12 construction, got the right wind velocity, and so that

 13 barrier no longer exists. Do you understand what I'm

 14 saying?

 15 THE WITNESS: I understand exactly what you're

 16 saying, and I think my answer would be no. I think at

 17 this point, you know what, we have to encourage

 18 everything. And sometimes innovation comes from the

 19 smallest places. And if you think about just the

 20 genesis of Microsoft, you know, a couple of guys in a

 21 garage. So I would say no. You never know where that

 22 spark of innovation in technology will come from, and I

 23 think we need to consider it.

 24 COMMISSIONER CARTER: Thank you, Madam Chair.

 25 CHAIRMAN EDGAR: Mr. Krasowski, do you have

 274

 1 questions on cross for this witness?

 2 MR. KRASOWSKI: Yes, Madam Chair. Thank you

 3 very much.

 4 CROSS-EXAMINATION

 5 BY MR. KRASOWSKI:

 6 Q. Mr. Olivera, on page 18 -- we were on page 18

 7 earlier. A similar line, line number 9 and 10, where

 8 you say that the central view of FP&L on the matter of

 9 greenhouse gas emissions is that it is time for the

 10 nation to move forward with mandatory, economy-wide,

 11 market based carbon reduction programs.

 12 Are you familiar with what is being done by

 13 Lakeland Utilities as far as their program? The utility

 14 places a solar hot water heater in the property and then

 15 maintains it and then charges by use of a meter. So

 16 it's an innovative -- back to innovative, it's very much

 17 like Microsoft, where we all lease their operation

 18 system. Is that something you would be looking to

 19 exploit to its fullest extent?

 20 A. While I'm not familiar with all the details of

 21 the Lakeland project, I should tell you that we are

 22 putting together a program along those lines. I don't

 23 know if it matches Lakeland exactly, but we are kind of

 24 configuring a pilot program for solar water heaters on

 25 rooftops, because we think that that has some potential.

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 1 And I have met with the people that are working on this

 2 several times. It's not quite ready to be presented to

 3 you all.

 4 But I think it's also fair to say that today,

 5 it would not move the need enough to offset the need for

 6 this plant. But it's one of many things that we have to

 7 try. I think it's important for this Commission to know

 8 that we are not opposed to demand-side management. I

 9 think our record speaks for itself. We're not opposed

 10 to renewables. We just haven't come up with a way that

 11 we can offset the huge demand that we have in the state

 12 and at a scale big enough that it would move the needle

 13 in terms of fuel diversity.

 14 But I think that you can expect that we will

 15 -- we pride ourselves in this. We pride ourselves in

 16 being innovative, and we pride ourselves in being

 17 responsible citizens. And I think you will find that we

 18 will continue to come forward with at least as many

 19 ideas as we can think of that sort of make sense for the

 20 public at large and make sense for our customers. So --

 21 that's probably more than you wanted to hear.

 22 Q. No, that's very interesting. I have another

 23 question along the same lines. The Florida Solar Energy

 24 Center over the years has had a program where they've

 25 actually built homes in different areas of the state and

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 1 had control homes next to them comparing the

 2 maximization of not only solar, but appliances and the

 3 design of the home. If it was next year in the

 4 Legislature required that these standards be integrated

 5 into building codes, would you participate as a utility

 6 to try to assist in providing services? Are you willing

 7 to expand your role so that you could help move that

 8 forward and be the Florida Power & Light provider, but

 9 maybe in a new role where you install things and take

 10 care of them?

 11 A. Yes, we're certainly willing to consider

 12 expanding our role. We support a number of these energy

 13 efficient homes today. We have a program, sort of a

 14 builders' program that we will come in and help design

 15 kind of the most energy efficient home.

 16 We've also been participating in Habitat for

 17 Humanity, where originally we were helping kind of with

 18 the home, but most recently, we are providing the most

 19 energy efficient appliances as part of that. And

 20 certainly we would consider anything that, you know, we

 21 believe that we would be unique in providing and that's

 22 cost-effective for the customer. Obviously, we don't

 23 want to compete with the any of the number of appliance

 24 dealers.

 25 Q. And lastly, because I'll save some of my

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 1 questions to the other people that you've deferred to,

 2 your expert witnesses -- well, I'll just leave it there.

 3 Thank you very much. I appreciate your answers.

 4 CHAIRMAN EDGAR: Are there questions from

 5 staff?

 6 MS. BRUBAKER: Just a few quick ones.

 7 CROSS-EXAMINATION

 8 BY MS. BRUBAKER:

 9 Q. And honestly, if you feel these would be

 10 better answered by another witness, please say so. But

 11 since we have kind of opened the door with regard to the

 12 issues of carbon capture and sequestration, can you tell

 13 me with regard to the Glades plant, do you know to what

 14 extent it has been designed to be capture-ready? And

 15 what I mean by that is, for instance, has the site

 16 footprint been designed to accommodate additional

 17 capture equipment, has the piping and structural design

 18 been designed to allow for additional extraction piping

 19 for exhaust gases, that sort of thing?

 20 A. I will defer to David Hicks on the specifics,

 21 because I can't answer at that level of detail, but it's

 22 my understanding that there is enough flexibility in the

 23 footprint of the plant to allow for ultimate carbon

 24 capture. But I will let him cover this in more detail.

 25 I think he's more technically competent than I am on

 278

 1 this topic.

 2 Q. And similarly, with the sequestration, has, to

 3 your knowledge, FPL performed any geological studies

 4 regarding what's below the plant, what requirements for

 5 piping might be needed for sequestration?

 6 A. I'm sorry. I'll defer that to David also.

 7 Q. Thank you.

 8 A. My knowledge is still evolving.

 9 MS. BRUBAKER: And that's all staff has.

 10 CHAIRMAN EDGAR: Commissioners, any other

 11 questions for this witness? No? Mr. Litchfield.

 12 MR. LITCHFIELD: No redirect.

 13 CHAIRMAN EDGAR: No direct. Okay. Then we'll

 14 take up exhibits.

 15 Okay. I think first we had the exhibit marked

 16 3 on the earlier list, and so seeing no objection, we'll

 17 go ahead and enter Exhibit 3, the resumé bio information

 18 into the record.

 19 (Exhibit 3 admitted into the record.)

 20 CHAIRMAN EDGAR: And then Mr. Gross, you had

 21 the exhibit that we marked 159.

 22 MR. GROSS: Correct.

 23 CHAIRMAN EDGAR: Are there any objections?

 24 MR. LITCHFIELD: No objection.

 25 CHAIRMAN EDGAR: No objections. Okay. We

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 1 will go ahead and enter Exhibit 159 into the record.

 2 (Exhibit 159 admitted into the record.)

 3 CHAIRMAN EDGAR: Any other matters before this

 4 witness is excused? Seeing none, thank you very much.

 5 THE WITNESS: Thank you.

 6 CHAIRMAN EDGAR: Okay, folks. It's about that

 7 time, I think, 5:40. I think that we will break for the

 8 day, and we will come back and we will begin at 9:30. I

 9 had some construction that slowed me down getting in

 10 this morning, and now I know to avoid that, so we will

 11 aim to begin at 9:30.

 12 And I will ask, as we discussed earlier, if

 13 you can get with our staff, with all the parties, and

 14 let's discuss how best to go through the witness list

 15 with the time we have tomorrow. And we also will be

 16 looking at potential dates to discuss, if indeed we need

 17 an extension, as it appears we might.

 18 Any other matters before we break? No? Okay.

 19 Then we are on break, and I will see you at 9:30

 20 tomorrow morning. Thank you.

 21 (Proceedings recessed at 5:40 p.m.)

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 1 CERTIFICATE OF REPORTER

 2

 3 STATE OF FLORIDA:

 4 COUNTY OF LEON:

 5 I, MARY ALLEN NEEL, Registered Professional

 6 Reporter, do hereby certify that the foregoing

 7 proceedings were taken before me at the time and place

 8 therein designated; that my shorthand notes were

 9 thereafter translated under my supervision; and the

 10 foregoing pages numbered 158 through 279 are a true and

 11 correct record of the aforesaid proceedings.

 12 I FURTHER CERTIFY that I am not a relative,

 13 employee, attorney or counsel of any of the parties, nor

 14 relative or employee of such attorney or counsel, or

 15 financially interested in the foregoing action.

 16 DATED THIS 17th day of April, 2007.

 17

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