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November 3, 2015

-VIA ELECTRONIC FILING-

Ms. Carlotta S. Stauffer
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 150196-EI

Dear Ms. Stauffer:

Attached for filing in the above docket is Florida Power & Light Company's Prehearing Statement. This letter, Prehearing Statement, and certificate of service are being submitted via the Florida Public Service Commission's Electronic Filing Web Form as a single PDF file.

If there are any questions regarding this filing, please contact me at 561-304-5662.

Sincerely,

s/ William P. Cox

William P. Cox
Senior Attorney
Florida Bar No. 0093531

WPC/msw

Enclosures

cc: Counsel for Parties of Record (w/encl.)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for determination of need for
Okeechobee Clean Energy Center Unit 1,
by Florida Power & Light Company.

Docket No. 150196-EI

Filed: November 3, 2015

**FLORIDA POWER & LIGHT COMPANY'S
PREHEARING STATEMENT**

Pursuant to Florida Public Service Commission ("FPSC" or the "Commission") Order No. PSC-15-0394-PCO-EI, Florida Power & Light Company ("FPL" or the "Company") hereby submits its Prehearing Statement regarding the issues to be addressed at the hearing scheduled for December 1-2, 2015.

1) WITNESSES

Direct

<u>WITNESS</u>	<u>SUBJECT MATTER</u>	<u>ISSUES</u>
Steven R. Sim	Provides overview of FPL's projected need for generation capacity starting in 2019 and increasing thereafter; presents FPL's analyses and results for its self-build generation options which led to the designation of a new combined cycle (CC) unit in Okeechobee County, OCEC Unit 1, as FPL's best self-build option; discusses FPL's March 2015 Request for Proposals soliciting submission of third party alternatives to the proposed self-build Okeechobee CC unit as FPL's Next Planned Generating Unit (NPGU) and its results; addresses adverse consequences for FPL and its customers if the FPSC does not grant an affirmative determination of need for OCEC Unit 1; presents conclusions regarding OCEC Unit 1's ability to cost-effectively meet FPL's 2019 capacity needs	1, 2, 3, 4, 5, 6
Richard Feldman	Addresses FPL's load forecasting process, methodologies and assumptions used in the forecasting process; presents FPL's load forecasts which were used in determining FPL's 2019 capacity need	1, 3
Jacquelyn K. Kingston	Presents engineering details of FPL's OCEC Unit 1, a new state-of-the-art 3x1 combined	1, 2, 3

cycle unit to be constructed at a greenfield site in Okeechobee County; provides capital and O&M costs for OCEC Unit 1, as well as the performance characteristics of the technology, accounted for in FPL’s economic analyses; presents FPL’s experience in developing and operating combined cycle units; addresses adverse consequences if the OCEC Unit 1 was not approved

Heather C. Stubblefield

Addresses fuel transportation plan to deliver natural gas and light oil to OCEC Unit 1; discusses fuel supply of natural gas for OCEC Unit 1; presents FPL’s current fuel price forecast

3, 4

Rebuttal

WITNESS	SUBJECT MATTER	ISSUES
Richard Feldman	Rebuts testimony of Environmental Confederation of Southwest Florida (“ECOSWF”) witness Karl Rábago regarding probability of occurrence of FPL’s base case and risk-adjusted forecasts; rebuts testimony of Southern Alliance for Clean Energy (“SACE”) witness John Wilson regarding analysis of extreme weather conditions, such as the “1989 Christmas experience,” related impact on FPL’s system, and continuing risk to forecasted load values and system reliability	1, 3
Steven R. Sim	Rebuts testimony of ECOSWF witness Rábago regarding (1) claim that FPL has a “campaign” to build new power plants now running for several decades, during which the FPSC has failed to review and regulate the utility appropriately and (2) the appropriateness of FPL’s reserve margin criteria used to determine 2019 need, including total minimum reserve margin, generation-only reserve margin, and loss of load probability; rebuts testimony of SACE witness Wilson regarding (1) his claim that OCEC Unit 1 would not be needed if FPL’s reliability criteria were simply ignored and his recommendation that FPL’s use of the 20% total reserve margin be replaced with a	1, 2, 3, 4, 5, 6

WITNESS**SUBJECT MATTER****ISSUES**

lower 15% total reserve margin criterion and (2) his mischaracterizations of FPL's generation-only reserve margin criterion; rebuts testimony of SACE witness Natalie Mims regarding (1) her attempt to re-litigate the FPSC's recent decision in the 2014 DSM Goals docket (Docket No. 130199-EI) in this docket and her related claims regarding the amount of cost-effective DSM available to FPL to meet its 2019 need and (2) the impact of OCEC Unit 1 on fuel diversity for FPL's system

2) EXHIBITS

Witness	Subject Matter	Prefiled Exhibit No.
Steven R. Sim	FPL's 2015 Capacity Request for Proposals (RFP)	SRS-1
Steven R. Sim	Projection of FPL's Resource Needs: 2015 through 2020	SRS-2
Steven R. Sim	Evaluation of FPL Self-Build Options: A Representative List of CC and CT Generating Options at Two Sites Evaluated in the First Stage of the Analyses	SRS-3
Steven R. Sim	Evaluation of FPL Self-Build Options: Results of Analyses of CC and CT Generating Options at Two Sites Evaluated in the First Stage of the Analyses	SRS-4
Steven R. Sim	Evaluation of FPL Self-Build Options: List of Generating Option Technologies Evaluated in the Second Stage of the Analyses and the Results of These Analyses	SRS-5
Steven R. Sim	Incorrect and/or Misleading Statements Made in the Testimonies of Witnesses Rábago, Wilson, and Mims	SRS-6
Steven R. Sim	Commission Proceedings Approving or Applying 20% Reserve Margin	SRS-7
Steven R. Sim	Duke Energy Progress, North Carolina Integrated Resource Plan (Annual Report), September 1, 2015	SRS-8
Steven R. Sim	Relevant Testimony from FPL Witness Rene Silva in the Petition to Determine Need for Riviera Plant and Cape Canaveral Plant (Docket Nos. 080245-EI and 080246-EI)	SRS-9
Steven R. Sim	A Look at January 11, 2010 if FPL Had Planned to a 15% Total Reserve Margin Criterion	SRS-10
Steven R. Sim	The Need for a 3rd Reliability Criterion for FPL: A Generation-Only Reserve Margin (GRM) Criterion	SRS-11
Steven R. Sim	Comparison of the Major Drivers of Benefits in DSM Cost-Effectiveness: 2014 DSM Goals Docket Inputs and Forecasts versus 2015 Inputs and Forecasts	SRS-12

Witness	Subject Matter	Prefiled Exhibit No.
Richard Feldman	Florida Population	RF-1
Richard Feldman	Total Average Customers	RF-2
Richard Feldman	Real Disposable Income per Household	RF-3
Richard Feldman	Real Price of Gasoline Lagged	RF-4
Richard Feldman	Summer Peak Load (MW)	RF-5
Richard Feldman	Risk-Adjusted Summer Peak Forecast (MW)	RF-6
Richard Feldman	Winter Peak Load (MW)	RF-7
Richard Feldman	Calendar Net Energy for Load (GWh)	RF-8
Richard Feldman	Winter Peak Weather Impact	RF-9
Jacquelyn K. Kingston	Typical 3x1 Combined Cycle Unit Schematic	JKK-1
Jacquelyn K. Kingston	FPL Combined Cycle Power Plants	JKK-2
Jacquelyn K. Kingston	History of FPL Combined Cycle Capital Construction Costs	JKK-3
Jacquelyn K. Kingston	OCEC Unit 1 Site Regional Map	JKK-4
Jacquelyn K. Kingston	OCEC Unit 1 Site Property Delineation	JKK-5
Jacquelyn K. Kingston	Aerial Photo of Okeechobee FPL Property (January 2015)	JKK-6
Jacquelyn K. Kingston	OCEC Unit 1 Proposed Site Plan Rendering	JKK-7
Jacquelyn K. Kingston	OCEC Unit 1 Plant Specifications	JKK-8
Jacquelyn K. Kingston	OCEC Unit 1 Water Balance	JKK-9
Jacquelyn K. Kingston	Florida Reliability Coordinating Council Letter	JKK-10
Jacquelyn K. Kingston	OCEC Unit 1 Expected Construction Schedule	JKK-11
Jacquelyn K. Kingston	OCEC Unit 1 Plant Construction Cost Components	JKK-12
Heather C. Stubblefield	FPL's November 3, 2014 and October 7, 2013 Fuel Price Forecasts	HCS-1

In addition to the above pre-filed exhibits, FPL reserves the right to utilize any exhibit introduced by any other party. FPL additionally reserves the right to introduce any additional exhibit necessary for rebuttal, cross-examination, or impeachment at the final hearing.

3) STATEMENT OF BASIC POSITION

FPL has petitioned the Commission for an affirmative determination need for the construction of a combined cycle generating unit at a greenfield site in Okeechobee County, together with the associated facilities, including transmission line and substation facilities, needed to integrate, interconnect, and transmit energy from this site to FPL's transmission network for delivery to customers. The unit and associated facilities are collectively referred to as the Okeechobee Clean Energy Center Unit 1 ("OCEC Unit 1").

FPL proposes to build at a greenfield site in Okeechobee County a highly fuel-efficient, state-of-the-art combined cycle ("CC") natural gas unit with about 1,622 MW (Summer) of generation for commercial operation beginning in June 2019. This generation will allow FPL to meet a projected need for additional generation resources that begins in 2019 (1,052 MW), continues in 2020 (1,409 MW (cumulative)), and increases each year thereafter. FPL's projected need for generation in 2019 and beyond fully accounts for all reasonably achievable conservation measures and renewable energy reasonably achievable on FPL's system.

OCEC Unit 1 is the best, most cost-effective option with which to meet FPL's resource needs beginning in 2019 and will result in the lowest electric rates for FPL's customers. OCEC Unit 1 will ensure reliable service for FPL's customers and is expected to save FPL's customers millions of dollars cumulative present value of revenue requirements ("CPVRR") (net present value) in electricity costs over the next best alternative. Once this new CC unit goes into operation, it is projected to be the most fuel-efficient CC unit on FPL's generation system, thus further enhancing the efficiency of an already highly efficient FPL generating system. It is also

projected to be the most fuel-efficient CC unit in the State of Florida. Beyond the fuel savings and system reliability improvements, OCEC Unit 1 is estimated to generate significant economic benefits, including millions of dollars in tax revenues for local governments and school districts and 650 temporary and 30 permanent jobs.

For these reasons, and those set forth more fully in FPL's Petition and pre-filed testimony, FPL satisfies the statutory elements for granting an affirmative determination of need for OCEC Unit 1 pursuant to Section 403.519, Florida Statutes.

4) STATEMENT OF ISSUES AND POSITIONS

ISSUE 1: **Is there a need for the proposed Okeechobee Clean Energy Center Unit 1, taking into account the need for electric system reliability and integrity, as the criterion is used in Section 403.519(3), Florida Statutes?**

FPL: Yes. There is a need for OCEC Unit 1, taking into account the need for electric system reliability and integrity. A new supply-side generating unit is needed in 2019 to meet FPL's system reliability criteria, and OCEC Unit 1 will meet all of FPL's reliability criteria. After accounting for all projected Demand Side Management ("DSM") from cost-effective programs approved by the Commission and all cost-effective renewable resources available to FPL, FPL has a need for future generating capacity starting at about 1,052 MW in 2019 and growing to 1,409 in 2020. OCEC Unit 1 will provide 1,622 MW (Summer) of highly efficient capacity to help satisfy this need. Also, OCEC Unit 1 will be a highly reliable source of energy, with a projected equivalent availability factor of approximately 96.7%. (Sim, Feldman, Kingston)

ISSUE 2: **Are there any renewable energy sources and technologies or conservation measures taken by or reasonably available to Florida Power & Light, which might mitigate the need for the proposed Okeechobee Clean Energy Center Unit 1?**

FPL: No. In determining the need for the OCEC Unit 1, FPL took account of all FPL- and Commission-identified cost-effective renewable energy and conservation measures reasonably available to FPL that might mitigate the need for the proposed OCEC Unit 1. FPL projected that approximately half of the 223 MW nameplate rating from new PV facilities by the end of 2016 will contribute firm capacity at FPL's Summer peak, and this has been accounted for in FPL's projection of its resource needs. In addition, FPL accounted for all achievable, cost-effective DSM approved by the FPSC. Even after accounting for these contributions, FPL and its customers still have a significant need for generating capacity in 2019. The OCEC Unit 1 is the best alternative available to meet that need. (Sim, Kingston)

ISSUE 3: Is there a need for the proposed Okeechobee Clean Energy Center Unit 1, taking into account the need for adequate electricity at a reasonable cost, as this criterion is used in Section 403.519(3), Florida Statutes?

FPL: Yes. There is a need for OCEC Unit 1, taking into account the need for adequate electricity at a reasonable cost. OCEC Unit 1 is the best resource available to FPL and its customers to meet the need for adequate electricity at a reasonable cost. The projected cost of OCEC Unit 1 is \$1,196.0 million. The unit is projected to result in the lowest system cost of all the various alternatives considered by and available to FPL, and the unit is also projected to result in the lowest electric rates for FPL's customers. OCEC Unit 1 is a highly fuel-efficient unit which will generate fuel savings even on a system as efficient as FPL's, and its projected installed cost per kW is projected to be the lowest in the industry for a modern CC unit. Accordingly, OCEC Unit 1 will provide needed electricity at a reasonable cost. (Sim, Feldman, Kingston, Stubblefield)

ISSUE 4: Is there a need for the proposed Okeechobee Clean Energy Center Unit 1, taking into account the need for fuel diversity, as this criterion is used in Section 403.519(3), Florida Statutes?

FPL: Yes. While OCEC Unit 1 will not improve FPL's fuel diversity, it will not significantly increase FPL's reliance on natural gas, given other capacity additions and retirements, plus the high level of fuel efficiency of this new unit. In terms of utilizing other energy sources for its generation portfolio, FPL is actively pursuing additional solar and nuclear energy. (Sim, Stubblefield)

ISSUE 5: Will the proposed Okeechobee Clean Energy Center Unit 1 provide the most cost-effective alternative, as the criterion is used in Section 403.519(3), Florida Statutes?

FPL: Yes. The OCEC Unit 1 is the most cost-effective alternative that has been identified to meet the reliability needs of FPL's customers. It is the most economic self-build option available to FPL and its customers. OCEC Unit 1 is expected to save FPL's customers up to \$281 million cumulative present value of revenue requirements ("CPVRR") (net present value) in electricity costs over the next best alternative. A market assessment was done in accordance with the Commission's Bid Rule (Rule 25-22.082, F.A.C.), and the results of that solicitation presented no market alternative available to FPL. (Sim)

ISSUE 6: Based on the resolution of the foregoing issues, should the Commission grant Florida Power & Light's petition to determine the need for the proposed Okeechobee Clean Energy Center Unit 1?

FPL: Yes. Building OCEC Unit 1 with an in-service date of June 1, 2019 is the best, most cost-effective choice for FPL's customers for maintaining reliable electric service beginning in that year. This unit was determined to be the most cost-effective FPL self-build option through extensive analyses. Furthermore, FPL's RFP that was issued to identify market alternatives to OCEC Unit 1 resulted in no viable alternatives. Thus, taking into account all reasonably available renewable energy and conservation measures, the OCEC Unit 1 is the best, most economic choice among the available alternatives to meet FPL's customers' resource needs in 2019 and is projected to be the most fuel-efficient CC unit for any utility in the State of Florida, further enhancing the fuel efficiency of an FPL's already highly efficient generation system. Therefore, the Commission should grant an affirmative determination of need for OCEC Unit 1 with a target in-service date of June 1, 2019, based on a finding that this project is the best, most cost-effective choice to meet the needs of FPL's customers in 2019. (Sim)

ISSUE 7: Should this docket be closed?

FPL: Yes. Upon issuance of an order granting FPL's petition to determine the need for OCEC Unit 1, this docket should be closed.

5) STIPULATED ISSUES

FPL: None at this time.

6) PENDING MOTIONS

FPL: None at this time.

7) PENDING REQUESTS FOR CONFIDENTIALITY

1. Florida Power & Light Company's request for confidential classification of certain information provided in response to Commission Staff's 1st set of interrogatories (No. 12 and 14) and 1st request for PODs (No. 6), dated October 8, 2015. [DN 06341-15]

2. Florida Power & Light Company's request for confidential classification of certain information provided in response to Commission Staff's 2nd set of interrogatories (No. 57), dated October 15, 2015. [DN 06613-15]

8) OBJECTIONS TO A WITNESS' QUALIFICATION AS AN EXPERT

None at this time.

9) STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE

There are no requirements of the Order Establishing Procedure with which FPL cannot comply.

Respectfully submitted this 3rd day of November, 2015.

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By s/ William P. Cox
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CERTIFICATE OF SERVICE
Docket No. 150196-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic mail on this 3rd day of November, 2015 to the following:

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