

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition for determination of need for Lake Agnes-Gifford 230 kV transmission line in Polk and Orange Counties, by Progress Energy Florida and Tampa Electric Company. | DOCKET NO. 070393-EI
ORDER NO.PSC-07-0713-PHO-EI
ISSUED: August 31, 2007

Pursuant to Notice and in accordance with Rule 28-106.209, Florida Administrative Code (F.A.C.), a Prehearing Conference was held on August 27, 2007, in Tallahassee, Florida, before Commissioner Nancy Argenziano, as Prehearing Officer.

APPEARANCES:

KENNETH HOFFMAN, ESQUIRE, RUTLEDGE, ECENIA, PURNELL & HOFFMAN, R. ALEXANDER GLENN, ESQUIRE, AND JOHN BURNETT, ESQUIRE, P.O. Box 551, Tallahassee, Florida 32302
On behalf of PROGRESS ENERGY FLORIDA, INC. (PEF).

JAMES D. BEASLEY, ESQUIRE, and LEE L. WILLIS, ESQUIRE, AUSLEY LAW FIRM, P.O. Box 391, Tallahassee, Florida 32302
On behalf of Tampa Electric Company (TECO).

KEINO YOUNG, ESQUIRE, and MARTHA CARTER BROWN, ESQUIRE, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850
On behalf of the Florida Public Service Commission (Staff).

PREHEARING ORDER

I. CASE BACKGROUND

On July 2, 2007, Progress Energy Florida (Progress) and Tampa Electric Company (Tampa Electric) filed a Notice of Intent to File a Petition for Transmission Line Need Determination for a proposed Lake Agnes-Gifford 230kV transmission line in Polk and Orange Counties, pursuant to Section 403.537, Florida Statutes (F.S.), and Rule 25-22.080, Florida Administrative Code (F.A.C.). On August 1, 2007, a formal Petition was filed with the Commission Clerk. The matter has been scheduled for a formal administrative hearing on September 12, 2007.

II. CONDUCT OF PROCEEDINGS

Pursuant to Rule 28-106.211, F.A.C., this Prehearing Order is issued to prevent delay and to promote the just, speedy, and inexpensive determination of all aspects of this case.

DOCUMENT NUMBER-DATE

07870 AUG 31 5

FPSC-COMMISSION CLERK

III. JURISDICTION

This Commission is vested with jurisdiction over the subject matter by the provisions of Chapter 366, F.S. This hearing will be governed by said Chapter and Chapters 25-6, 25-22, and 28-106, F.A.C., as well as any other applicable provisions of law.

IV. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

Information for which proprietary confidential business information status is requested pursuant to Section 366.093, F.S., and Rule 25-22.006, F.A.C., shall be treated by the Commission as confidential. The information shall be exempt from Section 119.07(1), F.S., pending a formal ruling on such request by the Commission or pending return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been made a part of the evidentiary record in this proceeding, it shall be returned to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of this proceeding, it shall be returned to the person providing the information within the time period set forth in Section 366.093, F.S. The Commission may determine that continued possession of the information is necessary for the Commission to conduct its business.

It is the policy of this Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 366.093, F.S., to protect proprietary confidential business information from disclosure outside the proceeding. Therefore, any party wishing to use any proprietary confidential business information, as that term is defined in Section 366.093, F.S., at the hearing shall adhere to the following:

- (1) When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary staff, and the court reporter, in red envelopes clearly marked with the nature of the contents and with the confidential information highlighted. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material.
- (2) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise confidentiality. Therefore, confidential information should be presented by written exhibit when reasonably possible.

At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to the court reporter shall be retained in the Office of Commission Clerk's confidential files. If such material is admitted into the evidentiary record at hearing and is not otherwise subject to a request for confidential classification filed with the Commission, the source of the information must file a request for confidential

classification of the information within 21 days of the conclusion of the hearing, as set forth in Rule 25-22.006(8)(b), F.A.C., if continued confidentiality of the information is to be maintained.

V. PREFILED TESTIMONY AND EXHIBITS; WITNESSES

Testimony of all witnesses to be sponsored by the parties (and Staff) has been prefiled and will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and associated exhibits. All testimony remains subject to timely and appropriate objections. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. Each witness will have the opportunity to orally summarize his or her testimony at the time he or she takes the stand. Summaries of testimony shall be limited to five minutes.

Witnesses are reminded that, on cross-examination, responses to questions calling for a simple yes or no answer shall be so answered first, after which the witness may explain his or her answer. After all parties and Staff have had the opportunity to cross-examine the witness, the exhibit may be moved into the record. All other exhibits may be similarly identified and entered into the record at the appropriate time during the hearing.

The Commission frequently administers the testimonial oath to more than one witness at a time. Therefore, when a witness takes the stand to testify, the attorney calling the witness is directed to ask the witness to affirm whether he or she has been sworn.

VI. ORDER OF WITNESSES

In light of the proposed stipulations to the issues in this case, each witness whose name is preceded by an asterisk (*) has been excused from this hearing if no Commissioner assigned to this case seeks to cross-examine a particular witness. Parties shall be notified by September 5, 2007, as to whether any such witness shall be required to be present at the hearing. The testimony of excused witnesses will be inserted into the record as though read, and all exhibits submitted with those witnesses' testimony shall be identified as shown in Section IX of this Prehearing Order and be admitted into the record.

<u>Witness</u>	<u>Proffered By</u>	<u>Issues #</u>
<u>Direct</u>		
*Brantley Tillis	PEF / TECO	1,2,3,4
*Thomas J. Szelistowski	PEF/TECO	1,2,3,4

VII. BASIC POSITIONS

PEF and TECO:

PEF, TECO and staff support the basic position and proposed stipulations on the issues set out below.

PEF and Tampa Electric's proposal to build a new 230kV transmission line extending from Tampa Electric's Lake Agnes Substation in Polk County to PEF's planned Gifford Substation in Orange County (the "Project") scheduled to be in service by June 2011 should be approved.

The Project is the most cost-effective alternative available, taking into account the demand for electricity, the need for electric system reliability and integrity, and the need for abundant, low-cost electrical energy to assure the economic well-being of the citizens of this state. Further, the Project meets the need to provide additional transmission capability to the existing 230kV transmission network between Lake Agnes and Gifford Substations in a reliable manner consistent with North American Electric Reliability Corporation ("NERC"), Florida Reliability Coordinating Council ("FRCC") and other applicable standards, as well as the need to serve the increasing load and customer base in the Polk County and Greater Metro-Orlando area (the "Project Service Area"). In developing the need for the Lake Agnes-Gifford Project, regional assessment studies known as the Florida Central Coordinated Study ("FCCS") and the subsequent FCCS Re-Study were conducted by the FRCC. These studies show transmission limitations on the existing 230kV transmission network between the Polk County and the greater Orlando area due to projected load growth in the 2008-2011 time frame.

The original FCCS Report issued in May 2006 and the FCCS Re-Study issued in August 2006 recommended the construction of specific new transmission lines for completion by the summers of 2008 and 2011.

The FRCC's analyses and evaluations of potential transmission improvements and alternatives in the Central Florida area as reflected in the FCCS Re-Study justifiably determined that the Lake Agnes-Gifford Project is the most cost-effective and efficient means to both increase the capability of the existing 230kV network and serve the increasing load and customer base in the Central Florida region. There have been no changes in conditions since the issuance of the FCCS Re-Study which affect the need for the Project. For these reasons, PEF and Tampa Electric's Petition for Determination of Need for the Lake Agnes-Gifford 230kV transmission line should be approved.

STAFF: Staff's basic position is the same as PEF and TECO's basic position.

VIII. ISSUES AND POSITIONS

STIPULATED

ISSUE 1: Is there a need for Progress Energy Florida and Tampa Electric Company's proposed Lake Agnes-Gifford 230 kV electrical transmission line project, given the need for electric system reliability and integrity, as prescribed in section 403.537, Florida Statutes?

POSITIONS

PEF and TECO: PEF and TECO's position is the same as Staff's position.

STAFF: Yes. PEF and TECO have demonstrated the need for the Lake Agnes-Gifford 230 kV electrical transmission line project in Polk and Orange Counties by June 2011 to: (a) provide additional transmission transfer capability along the Interstate 4 corridor to move electricity generated in the Polk County region to load centers in the Greater Orlando area in a reliable manner consistent with the North American Electric Reliability Council (NERC) and the Florida Reliability Coordinating Council (FRCC) and other applicable standards; (b) serve the increasing load and customer base in the projected service area; and (c) potentially provide for another electrical feed via a separate Right Of Way path, thereby reducing the impact of a loss of the existing transmission facilities on a common right of way. The Transmission Line Siting Board will make the final determination concerning the length and route of PEF and TECO's transmission line.

STIPULATED

ISSUE 2: Is there a need for Progress Energy Florida and Tampa Electric Company's proposed Lake Agnes-Gifford 230 kV electrical transmission line project given the need for abundant, low cost electrical energy to assure the economic well-being of the citizens of the State, as prescribed in section 403.537, Florida Statutes?

POSITIONS

PEF and TECO: PEF and TECO's position is the same as Staff's position.

STAFF: Yes. The proposed Lake Agnes-Gifford 230 kV electrical transmission line project would assure the economic well-being of the citizens of the state by serving projected new electric load in the region, and improving the region's electric reliability by minimizing the region's exposure to single contingency events. Also, the Lake Agnes-Gifford 230 kV electrical transmission line project will reduce transmission losses by approximately 18.5 MW for the FRCC region, which includes a 10.8 MW reduction for PEF and a 1.9 MW increase for Tampa Electric. The estimated capital cost of the Lake Agnes-Gifford 230 kV electrical

transmission line project is \$67.5 million excluding rights-of-way. PEF and TECO evaluated 4 alternatives to the proposed Lake Agnes-Gifford 230 kV electrical transmission line project. As stated above, the Lake Agnes-Gifford 230 kV electrical transmission line project was the best option available. PEF and TECO rejected the alternatives because they did not fully and effectively solve and relieve the identified overload problems.

STIPULATED

ISSUE 3: Are Progress Energy Florida's and Tampa Electric Company's planned substation at Lake Agnes in Polk County and its planned Gifford substation in Orange County the appropriate starting and ending points for the proposed Lake Agnes-Gifford 230kV electrical transmission line project, as prescribed in section 403.537, Florida Statutes?

POSITIONS

PEF and TECO: PEF and TECO's position is the same as Staff's position.

STAFF: Yes. The analysis in the joint prefiled testimony of Brantley Tillis and Thomas J. Szelistowski demonstrates that the appropriate starting and ending points are the existing Lake Agnes Substation and the planned Gifford Substation, respectively. The Transmission Line Siting Board will make the final determination concerning the length and route of PEF and TECO's transmission line.

STIPULATED

ISSUE 4: Should the Commission grant Progress Energy Florida and Tampa Electric Company's petition for determination of need for the proposed Lake Agnes-Gifford 230 kV electrical transmission line project?

POSITIONS

PEF and TECO: PEF and TECO's position is the same as Staff's position.

STAFF: Yes. PEF and TECO have demonstrated the need for the proposed project according to the criteria prescribed in section 403.537, F.S. The Transmission Line Siting Board will make the final determination concerning the length and route of PEF and TECO's transmission line.

IX. EXHIBIT LIST

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
<u>Direct</u>			
Brantley Tillis and Thomas J. Szelistowski (Joint)	PEF / TECO	<u>1</u> BT / TJS-1	PEF's Historic and Forecasted Peak Demand
Brantley Tillis and Thomas J. Szelistowski (Joint)	PEF / TECO	<u>2</u> BT / TJS-2	Tampa Electric's Historic and Forecasted Peak Demand
Brantley Tillis and Thomas J. Szelistowski (Joint)	PEF / TECO	<u>3</u> BT / TJS-3	Project Area Transmission System Map
Brantley Tillis and Thomas J. Szelistowski (Joint)	PEF / TECO	<u>4</u> BT / TJS-4	NERC Reliability Standards
Brantley Tillis and Thomas J. Szelistowski (Joint)	PEF / TECO	<u>5</u> BT / TJS-5	FRCC's Transmission Planning Process
Brantley Tillis and Thomas J. Szelistowski (Joint)	PEF / TECO	<u>6</u> BT / TJS-6	FRCC Florida Central Coordinated Re-Study Report: Executive Summary
Brantley Tillis and Thomas J. Szelistowski (Joint)	PEF / TECO	<u>7</u> BT / TJS-7	FCCS Study/FCCS Re-Study Recommended Series of Projects
Brantley Tillis and Thomas J. Szelistowski (Joint)	PEF / TECO	<u>8</u> BT / TJS-8	Excerpts from Commission's December 2006 Review of 2006 Review of 2006 Ten Year Site Plans for Electric Utilities
Brantley Tillis and Thomas J. Szelistowski (Joint)	PEF / TECO	<u>9</u> BT / TJS-9	FRCC Load and Resource Plan
Brantley Tillis and Thomas J. Szelistowski (Joint)	PEF / TECO	<u>10</u> BT / TJS-10	Summary Table of Load Flow Results

Parties and Staff reserve the right to identify additional exhibits for the purpose of cross-examination.

X. PROPOSED STIPULATIONS

The parties have proposed stipulations on Issues 1-4 found in Section VIII.

XI. PENDING MOTIONS

There are no pending motions at this time.

XII. PENDING CONFIDENTIALITY MATTERS

Document No. 06594-07, the subject of PEF and TECO's request for confidential treatment, will not be part of the evidentiary record in this proceeding and will be returned to PEF and TECO. Therefore, no ruling on confidentiality will be made, and there are no pending confidentiality matters.

XIII. POST-HEARING PROCEDURES

In light of the short timeframe for a transmission line determination of need proceeding, it is anticipated that the Commission will make a bench decision at the conclusion of the hearing and no post-hearing procedures will be needed.

XIV. RULINGS

In view of the proposed stipulations to the issues in the case, the parties do not expect to make opening statements. In any event, if opening statements are made, they shall not exceed ten minutes per party.

It is therefore,

ORDERED by Commissioner Nancy Argenziano, as Prehearing Officer, that this Prehearing Order shall govern the conduct of these proceedings as set forth above unless modified by the Commission.

By ORDER of Commissioner Nancy Argenziano, as Prehearing Officer, 31st day of August, 2007.



NANCY ARGENZIANO
Commissioner and Prehearing Officer

(SEAL)

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Office of Commission Clerk, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.