

Public Service
Commission

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-HEARING TRANSCRIPT DATED: 8/16/95

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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

 In the Matter of : DOCKET NO. UNDOCKETED
 :
 Commission's Review of Ten- :
 Year Site Plan :

PROCEEDINGS: WORKSHOP

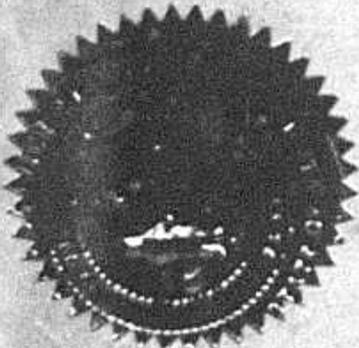
BEFORE: CHAIRMAN SUSAN F. CLARK
 COMMISSIONER J. TERRY DEASON
 COMMISSIONER JULIA L. JOHNSON
 COMMISSIONER DIANE K. KIESLING
 COMMISSIONER JOE GARCIA

DATE: Wednesday, August 16, 1995

TIME: Commenced at 9:30 a.m.
 Concluded at 12:57 p.m.

PLACE: The Betty Easley Conference Center
 Hearing Room 148
 4075 Esplanade Way
 Tallahassee, Florida

REPORTED BY: SYDNEY C. SILVA, CSR, RPR
 ROWENA NASH HACKNEY
 Official Commission Reporters



DOCUMENT NUMBER-DATE

FLORIDA PUBLIC SERVICE COMMISSION 8051 AUG 21 1995

FPSC-RECORDS/REPORTING

1 IN ATTENDANCE:

2 DIANE HUIS, Florida Coordinating Group.

3 BOBBY ADJEMIAN, Florida Power and Light.

4 MICHAEL RIB, Florida Power Corporation.

5 CLAUDINE CABALLERO, Tampa Electric Company.

6 MARGARET NEYMAN and WILLIAM POPE, Gulf Power.

7 RUSSELL SCHUSSLER, Alabama Electric Cooperative.

8 JOHN TWITCHELL, Seminole Electric Cooperative.

9 RICK CASEY, Florida Municipal Power Agency.

10 ED REGAN, Gainesville Regional Utilities.

11 JIM MYERS, Jacksonville Electric Authority.

12 ROBERT MILLER, Kissimmee Utility Authority.

13 PAUL ELWING, City of Lakeland Department of Water
14 and Electric Utilities.

15 TOM BROOKMAN, Orlando Utilities.

16 GARY BRINKWORTH, City of Tallahassee.

17 JOE MCGLOTHLIN, Competitive Energy Producers
18 Association.

19 DEB SWIM, Legal Environmental Assistance Foundation.

20 MARCIA ELDER, Project for an Energy Efficient
21 Florida.22 MICHAEL HAFF, ROLAND FLOYD, MARK FUTRELL and RICHARD
23 SHINE, FPSC Division of Electric and Gas.

24 SHEILA ERSTLING, FPSC Division of Legal Services.

25

I N D E X

MISCELLANEOUS

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P R O C E E D I N G S

(Workshop convened at 9:30 a.m.)

CHAIRMAN CLARK: We'll call the workshop to order. I'd like to welcome you to the 1995 Electric Utility Ten-Year Site Plan Workshop. Ms. Erstling, would you read the notice for me?

MS. ERSTLING: In Re: Commission Review of Electric Utility Ten-Year Site Plan. This notice was issued July 19, 1995, pursuant to Rule 25-22.001, Florida Administrative Code, that the Florida Public Service Commission will conduct a workshop regarding the above-referenced matter at the following time: 9:30 a.m., Wednesday, August 16, 1995 at the Commission Hearing Room 148, Betty Eagley Conference Center, 4075 Esplanade Way, Tallahassee.

The purpose: The Florida Public Service Commission has jurisdiction over the determination of overall suitability of ten-year site plans pursuant to Chapter 95-328, 1995 Laws of Florida effective July 1, 1995. The purpose of this workshop is to afford an opportunity for public comment on the ten-year site plan submitted by Florida's electric utilities. At the workshop the utilities will describe their plans, the key assumptions underlying the plans and the impact of demand-side management goals on the plans.

CHAIRMAN CLARK: Thank you. As indicated by the notice, we are here to receive oral comments from both the

1 public and other interested parties on the ten-year site
2 plans.

3 As many of you know, the Florida Legislature revised
4 Section 196.801 to give the Commission responsibility for
5 reviewing the ten-year site plans. According to the statute,
6 the Commission must decide whether each plan is suitable or
7 unsuitable. And in making that determination, we review the
8 need for electric power in the area to be served; the
9 anticipated environmental impact of each proposed power plant;
10 possible alternatives to the proposed plan; the views of
11 appropriate local, state and federal agencies; the extent to
12 which the plan is consistent with the state comprehensive
13 plan; and the plan with respect to information on energy,
14 availability, and consumption.

15 The Commissioners have previously been provided with
16 a composite State of Florida ten-year site plan, as well as
17 executive summaries of each utility's plan.

18 We will proceed according to the agenda Staff has
19 indicated in --

20 MR. HAFF: Correct.

21 CHAIRMAN CLARK: Have you passed out the agenda?

22 MR. HAFF: That's correct.

23 CHAIRMAN CLARK: And we will begin the workshop by a
24 presentation with Florida Electric Power Coordinating Group.
25 And they'll present the statewide forecast of capacity demand

1 in energy. After that, we'll hear presentations from the four
2 investor-owned utilities. And after that we'll hear from, as
3 I understand it, two cooperatives and seven municipal
4 utilities.

5 After the utility presentations, we will hear
6 comments from the public and interested parties. For those of
7 you in the audience who wish to address the Commission
8 regarding the ten-year state plan, you may do so at that time.
9 However, if there are any questions on a particular utility's
10 plan, please feel free to ask them during the presentation of
11 that plan.

12 With that, I'm going to move back down to this table
13 so we can see the large screen. The one down here is not
14 large enough for some of us to see. Not all of us, but some
15 of us. And with that, I guess we should have the Florida
16 Coordinating Group come up and give the presentation.

17 MS. HUIS: Hello. Good morning. My name is Diane
18 Huis, and I'm representing the FCG this morning. I'm just
19 going to give a summary of what the total plan looks like for
20 the state based on the aggregate ten-year plan.

21 This first chart shows the winter and summer firm
22 peak demand for the state as a whole. As you can see in that
23 graph, the average annual growth rate is slightly lower in the
24 last ten-year period than it has been in the past.

25 For 1995 -- I'm just going to hold this -- the

1 winter peak is projected to be 31,623 megawatts. In the
2 summer, it's projected to 30,273. By 2005, the winter peak is
3 predicted to 38,517 megawatts; the summer peak is projected to
4 be 35,555 megawatts.

5 This chart just shows the comparison of how this
6 year's ten-year plan compares to last year's ten-year plan as
7 far as the average annual growth rates for the ten-year period
8 compare. As you can see for the 1995 ten-year plan, the
9 average annual growth rate for all categories -- including
10 winter firm demand, summer firm demand, winter total demand,
11 summer total demand, and annual net energy for load -- are all
12 slightly less than they were in last year's ten-year plan.

13 This slide just gives a summary of the existing
14 demand-side measures in the state by utility and the
15 percentage that they make up of the total based on the winter
16 megawatts. On a percentage basis, FPC is the largest with
17 about 47.5%, followed by FPL at about 28.9%, and TECO by
18 15.6%.

19 This chart gives you an idea of how the total summer
20 peak production measures compare to each other. In 1995, the
21 load management makes up about 45% of the total summer peak
22 production measures; interruptible makes up about 31%; QFs,
23 self-serving QFs, make up about 12%; and conservation is about
24 9%.

25 By 2004, load management is projected to be about

1 40%; interruptible is about 22%; QFs are about 8%; and
2 conservation is up to about 29%.

3 In the winter, the load management is about 52% in
4 1995; interruptible is 23%; conservation is 15%; and QFs about
5 9%.

6 By 2004/2005, the load management is up to 50%;
7 interruptible 18%; conservation's up to 25%; and QFs are 7%.
8 On an energy reduction basis, the majority of the energy
9 reduction measures is supplied by self-service QFs followed by
10 conservation.

11 On a total capacity basis, this chart shows the
12 existing utility generating capacity for the state. As of
13 January 1, 1995, we can see that FPL makes up about 47% of the
14 total capacity, followed by FPC at 21%, and TECO at 10%. The
15 IOUs, in total, are about 78% of the winter capacity.

16 MR. HAFF: Before you leave that slide, I have a
17 question. I'm Michael Haff. I'm on the Staff of the
18 Commission.

19 I realize that this is Peninsular Florida totals.
20 If you were doing statewide, where would Gulf Power be at?

21 MS. HUIS: I'm sorry, if --

22 MR. HAFF: If this was a statewide total of all the
23 utilities, where would Gulf be? Between JEA and Seminole as
24 far as capacity?

25 MS. HUIS: Tom? Tom Halland (phonetic)?

1 Let me look that up for you.

2 MR. HAFF: Okay.

3 MS. HUIS: Gulf Power's net capability is about
4 2,400 megawatts in the winter.

5 MR. HAFF: Okay.

6 MS. HUIS: So that would put them between JEA and
7 Seminole.

8 MR. HAFF: All right.

9 MS. HUIS: This chart gives you an idea of the
10 transfer capability coming into the state. Right now it's
11 projected to be 3,600 megawatts, and it's not expected to
12 change. Unit power sale purchases coming into the state in
13 1995 is 1,623 in the winter and 1,648 in the summer. There's
14 also a Scherer 4 coming into the state, about 846 megawatts.

15 Looking at the summer resource mix, in 1995, utility
16 generation makes up about 86%; load management 3.2%; unit
17 power sales about 4%; interruptible about 2%; and firm
18 nonutility generation about 4%. It doesn't change too
19 dramatically by 2004. Load management is increased slightly
20 to about 4.3%, and the firm nonutility generation is also up
21 slightly.

22 In the winter, the utility generation makes up about
23 85%, load management almost 5%, firm nonutility generation
24 about 4.4%. And, once again, in the summer you see -- I mean,
25 in 2004, you see load management picking up slightly and the

1 nonutility generation also increasing.

2 On a fuel basis, I think that shows that the state
3 is pretty well diversified. In 1995, we're showing that coal
4 makes up about 36.4% of the total fuel mix. Oil about 13.7%.
5 Natural gas is 17.3%. Nuclear about 18%. Purchases about
6 8.2%. Nonutility generation about 6.4%, and natural gas about
7 17.3%. By 2004, what you see happening is the natural gas
8 increasing somewhat because of the combined cycle units that
9 are being added to the state while nuclear goes down as a
10 total percentage.

11 Of the capacity additions being made in the state,
12 the largest percentage is combined cycle at about 34%. Steam
13 coal about 7%. CTs and diesels make up about 17%. Firm
14 nonutility generation is expected to be about 14% and
15 demand-side measures about 29%.

16 The summer peak reserve margin is projected to be
17 24% in 1995, 25% in 1996. By 2004, it's projected to be about
18 19%.

19 The winter peak reserve margin is also projected to
20 be around 25%, increasing to 27% for '96 and '97. By
21 2004/2005, it's projected to be 16%.

22 To show you how the reserve margin projection has
23 changed from this year's ten-year plan as compared to next
24 year's ten-year plan, we put together this slide. It shows
25 that we're actually projecting a slightly higher reserve

1 margin in this year's ten-year plan than we were last year's.

2 This slide shows the same thing, but it shows it for
3 winter instead of summer.

4 This just gives you a different way of looking at
5 the reserve margin. It shows you the firm peak demand, and
6 then it shows the capacity in excess of the firm demand which
7 makes up that reserve margin. And this is for summer. And
8 here's the same thing for winter.

9 And that concludes my presentation. Are there any
10 questions?

11 Thank you.

12 MR. HAFF: Next we will hear a presentation by
13 Florida Power and Light Company.

14 MR. ADJEMIAN: Good morning. My name is Bobby
15 Adjemian. I am the Manager of Integrated Resource Planning
16 for Florida Power and Light Company.

17 My presentation is a brief presentation along the
18 line Diane was making. We have some copies that we just laid
19 out there, so if you would like to get a copy of the
20 presentation materials -- available out in front.

21 My presentation will cover the -- give you
22 highlights of our ten-year site plan, our 1995 ten-year site
23 plan. It will also cover the changes in the key assumptions
24 that drove the change in our plan from the 1994 ten-year site
25 plan. I'll discuss these briefly.

1 I will also discuss the effect of those changes on
2 the plan itself and then finally describe in a brief way as to
3 what the components of the plan are.

4 Commissioners, did you get a copy of this
5 presentation? Good.

6 The ten-year site plan, the 1995 ten-year site plan,
7 contains the assumptions on the numeric targets for DSM
8 programs that were established and were ruled by the
9 Commission last October. In addition to that assumption in
10 terms of the DSM numbers, there are also other changes. The
11 key assumptions, which I'll get to in the next slide, the
12 effect of those being that the need for capacity move back
13 from the year 2002 to the year 2004, the last year in our
14 planning horizon as presented in this ten-year site plan.

15 And as far as a summary of the total components of
16 the plan, we are projecting that over the next 10 years, we
17 will have to add 1,099 megawatts of supply-side resources and
18 incrementally about 1,500 megawatts of DSM resources in order
19 to maintain reliable levels of electric service.

20 So while we are beginning with a 2002 need date,
21 several key assumptions changed. Our load forecast moved in a
22 way that showed lesser need for capacity.

23 The second major change has been the available
24 peaking capability of our existing units. This is what we
25 also refer to at Florida Power and Light as our PEOP Level 5

1 Operation. It stands for "peaking execution of perfect
2 operation." It is a program that our power plant operators
3 have been working on for several years now and are able to
4 achieve greater levels of output from our units.

5 The third major assumption has been a deferral in
6 increasing of transfer capability into the FPL system.
7 That's, in essence, a deferral of increased transmission
8 capacity. That particular option was discussed last year
9 briefly in terms of a series capacitor project. You may
10 recall, Commissioners. In fact, I was the one who presented
11 it to you.

12 And we had, I think, discussed at the time that at
13 that point in time that appeared to be a reasonable option.
14 However, as you can see, while the deferral may result in an
15 earlier need, we still end up having a later need. So there
16 were other assumptions that changed that moved that need back.

17 The fourth one, improved forced outage rates and
18 maintenance, again, that goes back into better utilization in
19 management over existing power plants. This has been an
20 excellent program that Florida Power and Light has been
21 undertaking and improving the maintainability and ability to
22 operate their units and take them down, meaning take them out
23 of service for quick repairs at the time when you don't need
24 the capacity and make it available to the system operator when
25 he needs it. And it has worked very well, and it has reduced

1 dramatically the forced outage rates of our units. And that,
2 of course, results in a later need for capacity since more
3 capacity now is available at the time that we need it.

4 And, finally, as a result of the goals docket, we
5 have extended the addition of targeted DSM from 2001 to 2003
6 by about 150 megawatts a year totaling about 465 megawatts.

7 MR. HAFF: Bobby, before you leave that slide, I
8 wanted to ask you a couple questions.

9 MR. ADJEMIAN: Yes, Mike.

10 MR. HAFF: This 465 megawatts more, is that above
11 and beyond what you had planned to implement in the last
12 ten-year site plan?

13 MR. ADJEMIAN: Yes, it is.

14 MR. HAFF: Okay. That's the incremental increase
15 above what you'd previously planned?

16 MR. ADJEMIAN: That's correct.

17 MR. HAFF: Also, on the new load forecast, just
18 generically we're seeing that a lot of utilities as we go
19 forward in time, they're forecasting that their energy per
20 load per customer or load are decreasing over what they
21 formerly predicted. And I was wondering if you have a feel
22 for: Is there fewer customers in the state or coming into the
23 state, or what is the cause for that? Because its one of the,
24 you know, reasons for deferring your need for power.

25 MR. ADJEMIAN: This particular change actually had

1 to deal with our peak demand, our monthly demands, peak
2 monthly demands, which is one of the drivers for new capacity.
3 We found that over the last several years consistently we've
4 been having winters, periods of October through February,
5 exhibiting much milder temperatures. And so we decided to
6 make an adjustment to reflect closer what the experience has
7 been, basically since, I think, the late '80s, after the
8 Christmas freeze.

9 Where we have this milder temperatures, that
10 reflected in our forecast, while it did not really reduce our
11 summer peak demand -- the summer peak demand still goes up
12 from the '94 to '95 ten-year site plan -- having reduced,
13 though, so the loads of November and October and February and
14 so forth, that does drive back the reliability need.

15 MR. HAFF: So it's not necessarily the seasonal peak
16 but the monthly peaks from the ninth month.

17 MR. ADJEMIAN: Right, not necessarily the summer
18 peak. In fact, the summer peak actually went up -- and I can
19 confirm this. Yes, the summer peak actually did go up from
20 the '94 to '95 ten-year cycle.

21 MR. HAFF: Thank you.

22 MR. ADJEMIAN: Yes.

23 CHAIRMAN CLARK: You have put a quantitative number
24 on the DSM. When you say a higher peaking capability of
25 existing units, how many megawatts does that equate to? You

1 must have put a number to these.

2 MR. ADJEMIAN: Yes, we did. We, in fact, have the
3 effect of these individual measures quantified. And if you'll
4 just give me a moment, I'll get it for you.

5 CHAIRMAN CLARK: Okay.

6 MR. ADJEMIAN: The change of peaking, the ability to
7 peak the capacity of our new units, actually produced close to
8 500 megawatts of additional capacity that we can rely on for
9 meeting load.

10 CHAIRMAN CLARK: How many peaking units do you have?

11 MR. ADJEMIAN: Commissioner, the peaking capability
12 we are talking about is not peaking combustion turbines, this
13 is referring to being able to peak an existing steam unit. In
14 other words, being able to run it, let's say, with the valves
15 wide open, which allows more steam to run through the turbine
16 and producing more power out of a steam unit. So it's not
17 necessarily relating to combustion turbines.

18 In fact, the combustion turbines, I don't think,
19 increased at all in capability. It's really a steam operation
20 that these are based on. But to answer your question, we have
21 close to about 1,800 megawatts of combustion turbines on our
22 system.

23 MR. HAFF: So to clarify that, you're just
24 increasing the efficiency of your existing plants to extract a
25 few extra megawatts out of those existing units?

1 MR. ADJEMIAN: Right. That would be another way to
2 look at it.

3 MR. HAFF: Another question along this line is -- I
4 guess this is done through technology improvements or
5 operation practices. Are these something that you would share
6 with other utilities through the FCG, or is it common industry
7 knowledge because --

8 MR. ADJEMIAN: I have heard -- I believe, at least
9 in the case of Seminole, and -- maybe John is here, he can
10 correct me -- I think that they are also looking at the
11 ability to peak the Seminole units and be able to get more
12 output out of it. That's what I've heard from our operators,
13 but I may be wrong on this.

14 UNIDENTIFIED SPEAKER: Our operations look at that
15 regularly.

16 MR. ADJEMIAN: But it's not -- I believe it may not
17 be totally widespread industry practice, but I think it's
18 getting there. I think utilities are looking to try and
19 manage as they should their existing assets and operate them
20 to try and get the most they can out of them.

21 We do have, of course, certain safeguards. I mean,
22 we do know that at this level of operation, you can't expect
23 continuous capability at that level out of a unit. So we have
24 certain limits, like you can only operate this unit, let's
25 say, for four hours. And so they know that. And once we get

1 to that point, the unit goes back to its normal continuous
2 rating so that you don't damage the unit. So we are just
3 trying to kind of push the threshold a little closer to the
4 design specs of these units.

5 CHAIRMAN CIARK: Let me ask you how you did that.
6 You say it's been something that you have been working on for
7 several years --

8 MR. ADJEMIAN: That's correct.

9 CHAIRMAN CLARK: -- the operations people. Did they
10 do it themselves, or have they been working with the
11 manufacturers of the units or cooperatively with other
12 utilities, maybe through EPRI? How have they concluded and
13 developed operations that assure them that they can run these
14 units at higher capacity for these short periods of time?

15 MR. ADJEMIAN: Definitely through the original
16 manufacturers. There's been a lot of discussion with them
17 before we take a step like this. In addition there's been
18 testing performed to make certain that that can actually be
19 achieved.

20 And in answering Michael's earlier question, I don't
21 think there has been a significant change in hardware. I
22 believe there have been some hardware changes in the plants,
23 but primarily it's been in trying to operate the unit closer
24 to what the specifications allow it to be operated at.

25 My next slide goes into the --

1 CHAIRMAN CLARK: If I may interrupt you --

2 MR. ADJEMIAN: Sure.

3 CHAIRMAN CLARK: You haven't really addressed the
4 other specifications in your --

5 MR. ADJEMIAN: Oh, as far as the megawatt --

6 CHAIRMAN CLARK: Yeah.

7 MR. ADJEMIAN: Yes. Let me start from the beginning
8 then. The load forecast, okay, that gave us close to a 300 --
9 I'm sorry, yeah, 250 megawatt change. That means a later
10 need. We went through the peaking units.

11 The transmission to connection actually advanced the
12 need by close to 200 megawatts.

13 CHAIRMAN CLARK: I'm sorry, are you talking about
14 the transfer capability?

15 MR. ADJEMIAN: Yes, that's the transmission -- I'm
16 going to call it the transmission to connection.

17 CHAIRMAN CLARK: All right. And that --

18 MR. ADJEMIAN: That actually advanced the need;
19 because it was an expansion that we had proposed, but we
20 pulled it out because we didn't need that anymore. It's still
21 an option, but at this point we don't need it because we have
22 achieved all these other measures; and we think we can do
23 better than doing it this way.

24 CHAIRMAN CLARK: Okay.

25 MR. ADJEMIAN: So even though it has advanced the

1 need by 200 megawatts, the sum total of the other changes was
2 able to defer the net need.

3 The forced outage rate improvement has been fairly
4 significant. Because we're looking here at improving a pretty
5 large base of generation close to, let's say, 13,000 megawatts
6 of steam. So that gives us close to 750 megawatts.

7 And then, of course, 465 megawatts is the DSM.
8 That's shown in the last bulletin.

9 CHAIRMAN CLARK: Okay.

10 MR. ADJEMIAN: Okay. My next slide just briefly
11 addresses -- the numbers that I talked about earlier was 1,099
12 of generation additions, and you can see what makes that up.

13 The fourth entry, 459 megawatts, that's a proposed
14 new unit that -- right now we're looking at this being a
15 combined cycle unit at the Martin site, but it's need is in
16 the year 2004, as you'll see momentarily. And at this point,
17 we don't have to commit to building that unit yet; its a
18 proposed unit.

19 The second bullet on the DSM, I mentioned about
20 1,500 in my earlier overview rather than 2,258. The 1,500 is
21 the incremental; the 2,258 includes the sunk load control that
22 we have in the ground already. So that's the total load
23 control, what you see there, the 802. And the 520 is going to
24 be the sum total of about 1,300 megawatts of load control by
25 the year 2004 that we have, including all the load control

1 we've done since '88 or whenever we started that program.

2 And in the 936 conservation programs, that's
3 incremental from now on, on top of the existing some 1,000
4 megawatts of conservation that we have.

5 My next two slides briefly just show the timing of
6 those components, when they're being added in. You see the
7 last bar on the chart, that's that on the far right. That's
8 the 459 megawatt proposed combined cycle unit. You see some
9 additions in the early term. The big spike in 1996 consists
10 of commercial operation of three QF projects: The ICL project
11 in Indiantown, down in Martin County. And then we have the
12 Osceola project and the Okeelanta project in Palm Beach
13 County.

14 Now in between 1997 and 2004, it's that huge hiatus
15 of supply-side additions. But as this slide shows, there is a
16 pretty active DSM effort going on that fills in that gap. So
17 you can see starting from about 870 megawatts currently to a
18 total of 2,258 megawatts by the year 2004 as I showed earlier.

19 So this completes my presentation. If you have any
20 more questions --

21 MR. HAFF: I have one more question. I want'd to
22 ask you to brief us on the cancellation or deferring of plans
23 to add series capacitors to your system. And explain, first,
24 what they were for and, basically, how they work and how the
25 need for them went away.

1 MR. ADJEMIAN: Just allow me to get some backup
2 here.

3 The series capacitors was an option that we had
4 considered as being available to increase the transmission
5 capability, the power transfer capability, into Florida Power
6 and Light mainly from the Southern Companies, from Georgia
7 Power. It was in lieu of, if you recall, of the joint 3,500
8 KV project which FPL and FPC were looking at. And then for
9 different reasons that project was cancelled or just
10 postponed.

11 What we found, however, in this effort that I was
12 just presenting was that the need to exercise that option --
13 that is, the series capacitors -- was not really there. As I
14 went through the other assumptions, even though that need, the
15 cancellation or deferral of that project actually shows an
16 earlier need, the sum total of all the needs tell you that you
17 really don't need to do anything until 2004. So the option is
18 still there, but we just chose to defer it.

19 Now that does not mean that there's no transmission
20 available to come into the state that FPL could use or other
21 utilities could use. What this map shows -- and it's kind of
22 difficult to read, but there's a total 3,600 megawatts of
23 transfer capability into the state. And I'll try and break
24 that down.

25 Allocating the 3,600, Tallahassee has 200. Florida

1 Power Corporation has 438 megawatts. Then FPL and JEA
2 combined have 2,962 megawatts while FPC's portion is pretty
3 much used up. And they have UPS contracts of this right now
4 and other contracts through it. And Tallahassee's is
5 basically used for Tallahassee alone. The 2,962, the major
6 portion that's under FPL and JEA, that's only firmly used to
7 the tune of about, I think, 1,900. There's about 1,000
8 megawatts on those guys that are still unsubscribed or unused.
9 There is still available tie line assistance. This, to use a
10 generation planning term, that we can rely on in buying power
11 on an emergency basis from Georgia Power or Southern Companies
12 and beyond.

13 MR. HAFF: When you say "unused," you mean there's
14 no firm contracts, although there's available for economy
15 purposes --

16 MR. ADJEMIAN: Absolutely.

17 MR. HAFF: -- and, in fact, does happen practically
18 every day.

19 MR. ADJEMIAN: Right, and it does happen
20 practically -- and it happens both ways as well.

21 MR. HAFF: Are there any other questions? Okay.
22 Thank you.

23 Next we are going to have a brief presentation by
24 Florida Power Corporation.

25 MR. RIB: Good morning. My name is Michael Rib.

1 I'm with Florida Power Corporation, and I recently moved into
2 the position, Manager of Generation Planning, so this is my
3 first opportunity to speak with the Commission and the Staff,
4 so I appreciate the opportunity.

5 I want to briefly review some of the ten-year site
6 plan issues that I think have come up and that we can review,
7 I think, fairly quickly today. I'm aware that Florida Power
8 has spent a lot of time with the Commission on the integrated
9 resource planning process, so I don't want to spend too much
10 time reviewing this subject with you.

11 Briefly, the plan optimizes demand-side and
12 supply-side options and then allows us to compare the optimal
13 plans that we come up with with sensitivities. Those
14 sensitivities, that we are normally planning to, are our
15 planning criteria for loss of load probability, target for
16 seasonal reserve margins. Typically, our planning has been
17 for 15% winter reserve, which is when our system peak occurs.

18 And, also, with the Clean Air Act, we have been
19 checking our plans for emissions compliance; and our target is
20 1,300 tons per year of SO₂; and that has to be optimized
21 within the plan as well. I think this information has been
22 discussed before in a lot of forums.

23 The results that I want to talk about today from our
24 integrated resource plan are really information that's been
25 seen before. Florida Power Corporation is still moving

1 forward with the results of the 1994 integrated resource plan,
2 and I think some of that was presented last year. So when you
3 look at the capacity additions in the forecast, many of these
4 factors appear the same as what we discussed last year.

5 Our projections for the growth in the summer peak is
6 roughly 3.5% growth in the forecast that we used for this IRP.
7 You can see that between the two years the forecast and
8 projections are roughly the same. Some adjustments were made
9 to this in our 1994 forecasting efforts, and the results are
10 very much the same.

11 MR. HAFF: Before you leave that slide?

12 MR. RIB: Yes.

13 MR. HAFF: From over here, I'm not able to see. Is
14 the dotted line for the '94 ten-year site plan, is that
15 underneath?

16 MR. RIB: Yes. Essentially the data is very similar
17 and what's happened is there's an overlay there.

18 MR. HAFF: Okay.

19 MR. RIB: Is that in focus? Is that okay? It looks
20 a little blurry from here.

21 On the total winter peak, our projections are
22 roughly 3% growth. I think you can see that compared to the
23 last couple of years we expect that growth to flatten out in
24 years going forward.

25 And, finally, net energy for load, another roughly

1 3% growth rate on that energy for load projected. And, again,
2 that's following a pretty reasonable trend.

3 For our net energy requirements, we are projecting
4 just over 43,000 gigawatt hours in the 2003 time frame, so
5 we're looking at a time frame that's out in the future that
6 distance to see the impact of the forecast. In that time
7 frame, we anticipate approximately 18% of our net energy for
8 load from qualifying facilities, and about 18% of our net
9 energy from load from natural gas facilities; 39% from coal.
10 So there will be some growth anticipated with natural gas
11 facilities as we add combined cycle technology to the fleet.

12 Okay. On the capacity mix, projecting to be up
13 around 10,400 megawatts, supply side at about 1,700 megawatts
14 of DSM. And you can see that the mix is about the same as the
15 projections we had last year.

16 In the 1994 IRP our projections for the DSM are
17 almost identical to what was projected in the -- or what was
18 accepted in the goals hearings, so these haven't changed very
19 much. There might be slight differences between the megawatts
20 we show here from the IRP versus the megawatts that were
21 incorporated into the goals. But in all our planning going
22 forward, the goals are included; and they are very close to
23 the numbers you see here today. So there was not a big impact
24 from the goals process on DSM back to the supply-side mix.

25 And this shows the components of the projected DSM

1 energy reductions. And this is cumulative from the years '94
2 to 2003, residential, commercial, industrial, and public
3 authority.

4 Okay. Our capacity plan going forward includes the
5 addition of 165 megawatts Siemens unit at Intercession City;
6 Polk County combined cycle units as identified in the need and
7 site certifications; and cut in 2000/2001 time frame, we begin
8 looking at repowering options at Higgins and Turner plants,
9 which are plants that are currently in ECS.

10 In this time frame there are two small peakers shown
11 to be retired in 2004. And at the very end of this period,
12 there is a 230 megawatt combustion turbine that was shown as a
13 capacity addition. Much the same plan as we had last year.

14 MR. HAFF: Before you leave that side, did you
15 mention Intercession City? That is the unit that you are
16 sharing with Georgia Power?

17 MR. RIB: That's correct.

18 MR. HAFF: And could you explain briefly how that
19 arrangement is set up? When do you receive the power?

20 MR. RIB: Well, in order to optimize the power
21 availability of both systems, we are looking at the diversity
22 between the two systems. That Siemens unit is two-thirds,
23 owned two-thirds of the year by Florida Power and one-third by
24 Georgia Power.

25 I believe the months of ownership are, for Georgia

1 Power, June, July, and August; is that correct?

2 I'm sorry, four months? Okay. So that would
3 include September. Okay. I'm a little bit new, so please
4 bear with me on some of the details. I'm coming into a lot of
5 this fairly new.

6 So it allows the unit to be available to us when we
7 are hitting our peaks in the winter and to serve us if we need
8 energy during outage periods in the shoulder months and
9 available for peaking service to Georgia Power during their
10 peaking periods. By the way, I'll get to an update on that,
11 but we have fired those units. And as a matter of fact, I
12 think that unit was running yesterday, so that helps the
13 capacity situation.

14 The significant changes between the '94 and the '95
15 ten-year site plan, one change that we made was the conversion
16 of two of our newer peaking units at Intercession City, P7 and
17 P9, which are the new GEEA units, have converted them to dual
18 fuel capability so they're available to burn interruptible
19 natural gas when that is available.

20 And that offers us a potential for substantial
21 savings on the differential for distillate. And those units
22 have been converted. And, actually, I believe yesterday we
23 were running on natural gas for the first time on the system.
24 So that offers an opportunity for significant savings. The
25 interruptible fuel is available from a tie to the pipeline

1 that feeds the KUA facility, Cane Island.

2 Another change was deferral of the LTK project. I
3 think that's been discussed quite a bit with the Commission
4 historically. The Lake Tarpon/Kathleen line was to be
5 installed primarily for transmission reliability. In order to
6 defer that project, several other steps were taken to try to
7 improve reliability on the system: We reinstated the
8 Higgins-Griffin 115 KV line; we have installed a fast-acting
9 load-shedding system, what we call our fall system, that helps
10 manage capacity situations in the event that the corridor that
11 needs to be protected starts to overload in the Brookridge
12 area.

13 Also, in order to protect that corridor, we will
14 need to run some generation in the Suncoast for capacity
15 reliability. It may not be the next unit in the economic
16 dispatch, but we are looking at some of those units to run as
17 close to economics as we can but to provide the necessary
18 support we need in the Suncoast area.

19 So those are the three steps we have taken to
20 mitigate the fact that the LTK line has been deferred.

21 Florida Power has over 1,000 megawatts of qualifying
22 facilities on line. Ultimately, probably within a year
23 and-a-half, we'll be up to 1,100. Since the workshop last
24 year, the Tiger Bay facility at 217 megawatts has come on line
25 and so has Orlando CoGen.

1 I indicated in the handout that the Tiger Bay is
2 actually a single facility with composite contracts. So in
3 the past, you may have seen General Peat, Timber Energy, or
4 ECO Peat. Those were all incorporated to the Tiger Bay's
5 operational facility.

6 I want to provide a brief update on the Polk County
7 project. We are showing capacity additions in the winter of
8 '98/'99 at Polk County new combined cycle technology. Site
9 certification was received in January of '94, and the permits
10 were cleared in April. And a site development at Polk County
11 began November 1st of last year.

12 It's a very large site. There's a lot of site work,
13 a lot of pond work to be done there. That site development
14 effort is about 40% complete, as we speak today. Equipment
15 bids from the four major vendors are under review, and we are
16 very pleased with the competitiveness of the bids we are
17 seeing. So I think we are very hopeful and optimistic on our
18 ability to bring a very cost-effective product to our
19 customers with that facility.

20 Also, we are in the process of making arrangements
21 with Florida Gas Transmission for the capacity necessary to
22 fire the first units at Polk County, and that's being
23 developed in concert with FGT. They had an open season for
24 capacity; and we signed up, I think, for around 65,000 a day
25 for FGT open season. And we are working also in the arena of

1 release secondary capacity with the opportunity to potentially
2 reduce cost a little bit there. So that effort is ongoing.
3 We feel very confident with our ability to get the necessary
4 gas transportation for Polk County.

5 A very quick update on Siemens P11 at Intercession
6 City. I mentioned that we had that unit running yesterday.
7 It's obviously not running at full load because they are in
8 testing at this time. First fire was July 29th, so that's a
9 recent milestone. We're anticipating official acceptance from
10 Siemens in January '96.

11 The test period on this unit is a lot longer than it
12 would normally be because it's a new technology Serial No. 2,
13 so we want to make sure we get all the bugs worked out before
14 we put this thing in commercial operation. Things are coming
15 along quite well.

16 And just briefly to look at the reserve margins as
17 the plan flows, you can see that in the winter reserve margins
18 that's the capacity additions and the timing of the additions
19 is flowing pretty well to maintain reserve margins between 15%
20 and 20% in the winter, so that's how the plan has unfolded.

21 Now that is all I had planned to discuss unless
22 there's any questions.

23 MR. FLOYD: I had one question. Roland Floyd with
24 the staff. On your plan in the year 1999, you installed a
25 second or your second Polk unit comes on-line.

1 MR. RIB: Yes.

2 MR. FLOYD: And then after that, 2000, you have 212
3 megawatts added and 424. And I think you said that was
4 repowering.

5 MR. RIB: That's correct.

6 MR. FLOYD: Will you be coming into the Commission
7 and asking for a need determination? Also, do you need to go
8 to DEP for any kind of certification for the repowering?

9 MR. RIB: For the megawatts at that site, I think on
10 the question on site certification -- we had been asked about
11 this earlier -- the steam side of that repowering would not
12 increase the steam capacity of the site. So from the Power
13 Plant Siting Act perspective, I think we would have the option
14 to come in and bundle all the permit applications into one;
15 but we also state that we could go forward just with the
16 particular permits related.

17 On the need perspective, I'm not quite sure of the
18 answer to that question. We really haven't jumped into the
19 need and the siting certification of these plants at this
20 point because there's still some uncertainty out that far,
21 say, in the year 2000, on exactly what the timing of these
22 units is going to be. There's a lot of change going on in the
23 industry and there's also, with open access transmission, we
24 are not really sure what new options we may have. So we
25 haven't really jumped out of the gate with that yet and made

1 all the final determinations of how to go forward.

2 MR. FLOYD: I just ask because 2000 is only, what,
3 four years away?

4 MR. RIB: I understand.

5 MR. FLOYD: And it's really not that far away. But
6 anyway, you don't have any definite plans for filing any kind
7 of need determination for that?

8 MR. RIB: Well, I think that's something we're going
9 to be looking at this year and next year very closely; and
10 we'd have to jump out and get that done. If the plan turns
11 out that we're going to get it in that time frame, yes.

12 Okay. Thank you very much.

13 MR. HAPF: I'm sorry. I just wanted to ask you one
14 more question.

15 When you were talking about that DSM in the resource
16 mix a while ago, you were bringing up the impacts of DSM
17 goals. The Commission approved Power Corp's -- has a
18 decoupling mechanism in place, and I'm just curious if you've
19 seen any impact on the DSM projections due to having the
20 residential decoupling in place?

21 MR. RIB: Not to my knowledge. I think there were
22 some questions about the impacts of changing the incentive
23 payments -- which is not decoupling, that's a different
24 subject. But so far, we really haven't seen attrition as a
25 result of that. But I think that's a separate issue before

1 the Commission.

2 Thank you very much.

3 MR. HAFF: Next we will hear a presentation from
4 Tampa Electric Company.

5 MS. CABALLERO: Hello. My name is Claudine
6 Caballero, and I'm an Administrator of Generation Planning at
7 Tampa Electric. What I'd like to go over today is a brief
8 comparison of our 1994 and 1995 ten-year site plans and also
9 to highlight some key issues in the 1995 ten-year site plan.

10 The first item that I'd like to discuss is Tampa
11 Electric's demand and energy forecast. What we've tried to do
12 is compare similar years between the '94 and '95 ten-year site
13 plan. In looking at the demand and energy, it includes both
14 retail and wholesale.

15 As you can see from our winter firm peak, there has
16 not been a significant change between the '94/'95 ten-year
17 site plan. These changes make up less than .5%. That is also
18 consistent with our summer firm peak. The change between the
19 two plans is less than .5%.

20 Then energy for load, similar between the two plans.
21 The one difference is that we are projecting slightly higher
22 in the first year with it decreasing through time, and that
23 decrease is related to wholesale projections of energy usage.

24 Taking a look at our existing generating capacity,
25 currently Tampa Electric has 3,404 megawatts of capacity on

1 our system with about 86% of it being made up by coal. Our
2 summer peak is lower than the winter by approximately 120
3 megawatts.

4 Changes from the 1994 plan is Dinner Lake, which is
5 a gas-fired steam unit of about 11 megawatts, was put on
6 long-term reserve standby in about March of 1994. Another
7 change relative to the '94 plan is that there are an
8 additional, approximately, 100 megawatts of net capability on
9 Tampa Electric's system. This is due in part by Tampa
10 Electric's efforts to improve the availability of the GPIF
11 units, which have allowed us to achieve capacity recovery on
12 the units as well.

13 In looking at Tampa Electric's demand reduction
14 alternatives, we've broken it up into four components:
15 conservation, load management, self-serve cogen, and
16 interruptible. Conservation making up -- although all of them
17 are very similar, conservation makes up the majority or one
18 part of it. Those are in part due to the DSM programs that we
19 have on our system with the heating and cooling being one that
20 provides a significant impact to the winter peak.

21 Changes between the 1995 and the 2004, we do see the
22 conservation increasing as well as load management and
23 self-serve cogen. Interruptible is forecasted to decrease
24 through time, hitting a peak in '97. As far as energy that's
25 associated with these programs, in 1995 it's approximately

1 2,200 gigawatt hours associated with demand reduction
2 alternatives.

3 Looking at the demand reduction for the summer, our
4 summer demand reductions are approximately one-third of what
5 the winter is. Conservation plays a smaller portion in the
6 summer demand reduction, and mainly because of the heating and
7 cooling programs affect the winter peak mostly. As far as
8 trends go, similar trends occur between the winter and summer
9 as far as the increase and the conservation load management
10 and self-serve with interruptible decreasing.

11 MR. HAFF: I have a question, I'm sorry, before you
12 leave that slide. The aggregate amounts in megawatts of the
13 self-serve, interruptible, and load management aren't
14 necessarily higher in the summer, it's just the amount of
15 conservation is lower, thus making --

16 MS. CABALLERO: Well, the summer is about one-third
17 less than the winter on total megawatts. The conservation
18 does make up a smaller portion of it, which increases the
19 percentage on the self-serve and interruptible. That might
20 have been the point you were trying to make.

21 MR. HAFF: Right.

22 MS. CABALLERO: Just an overview of Tampa Electric's
23 reliability criteria. Tampa Electric has two criteria, the .1
24 net assisted loss of load probability measured in days per
25 year, which looks at Tampa Electric's system and the reserve

1 that it can access from the state, as well as our firm winter
2 reserve requirements, which is at 20%. And that looks at
3 Tampa Electric's resources, firm purchases and firm sales.

4 In looking at a comparison between our 1994 and 1995
5 ten-year site plans, just to point out the changes, which
6 there weren't a significant amount of changes, the IGCC unit
7 assumed in-service date last year was July of 1996, and that
8 has been moved to October of 1996 due to some scheduling
9 changes. The timing of the next unit on our system is still
10 in 2001, and then other changes is just additional CT in the
11 most recent plan.

12 MR. HAFF: The footnote on that page, "Hookers Point
13 assumed retirement date of 12/31/02," is that all the units at
14 Hookers Point?

15 MS. CABALLERO: Yes, it is.

16 MR. HAFF: Okay.

17 MS. CABALLERO: And I was going to mention that.
18 Tampa Electric, that is what currently Tampa Electric is
19 projecting as the retirement date. We do analyze that
20 annually as far as when is the best time to retire the unit.

21 This is a summary of our system reliability the
22 LOLPs as well as the winter reserves margin. The other thing
23 to note is that we are assuming the build-out of the Hardee
24 Power Station, which is, currently, right now, we purchase
25 combined cycle and CT capacity from Hardee Power Station. We

1 are assuming the build-out to two combined cycles in the year
2 2003, and that is a shared resource with Seminole Electric.

3 MR. FUTRELL: Claudine, I'm Mark Futrell with the
4 Staff. I have a question about Hardee Power Station. Could
5 you give a little more detail on the arrangements you have
6 with Seminole and how TECO shares that capacity and also how
7 you model your share of that capacity in the reserve margin in
8 your LOLP calculation.

9 MS. CABALLERO: The way the unit is shared is that
10 Seminole Electric has first call on the unit when one of their
11 units is down, and then Tampa Electric has next call on the
12 unit.

13 In our TIGER reliability, which looks at LOLP, we
14 take into consideration when Seminole is taking those units.
15 As far as reserve margins, we do count the unit toward our
16 firm winter reserve margin.

17 MR. FUTRELL: Okay. So you make an adjust in LOLP
18 for those times when you have the unit, but you have spoke for
19 reserve margin because this is simple adding up megawatts.
20 You assume all the megawatts from the units in that
21 calculation.

22 MS. CABALLERO: Right.

23 MR. FUTRELL: Okay.

24 MR. HAFF: Another question before you leave that
25 slide. Year 2003, your current plan shows the Hardee 2 and a

1 CT. I'm looking at the winter reserve margin. That's the
2 criteria for reserve margin, is the winter season, correct,
3 20%?

4 MS. CABALLERO: It is, but we do have a dual
5 criteria.

6 MR. HAFF: Right.

7 MS. CABALLERO: And what's driving that is the LOLP,
8 the need for that CT.

9 MR. HAFF: All right.

10 MS. CABALLERO: In looking at Tampa Electric's
11 integrated resources, combining the existing capacity along
12 with purchases and the demand reductions, you can see that the
13 existing capacity makes up about 70% of our integrated
14 resources. The firm purchases do include firm cogeneration.
15 We are not expecting an increase in the capacity of the firm
16 cogen. But changes from '94 to '95, is there has been an
17 additional cogenerator that has come on our system,
18 approximately 23 megawatts. And that was the Polk Power
19 Partners.

20 Changes through time, we are forecasting similar
21 percentages between the '95 and the 2004 time frame, if you
22 include both future and existing capacity compared together,
23 combined together.

24 And this table looks at incrementally what type of
25 resources are we adding. The generating capacities do include

1 future capacity as well as retirements of the Hookers Point
2 units. And as you can see, it's a relatively equal mix of
3 resources that we are adding for our system.

4 The last item that I'd like to comment on is the
5 status of our Polk Unit 1. I had mentioned that the unit is
6 scheduled to be on service in October of 1996. Currently all
7 permits for construction/operation have been achieved. As far
8 as the contract activity goes, they are finalizing the
9 engineering, the Bechtel Engineering in Houston, and all final
10 engineering will occur at the site and all the major contracts
11 are in place currently.

12 As far as construction goes, about 40% of the unit
13 is under construction at this point; and we're, like I had
14 said before, on schedule. And just to note at the bottom that
15 we are receiving funding from the Department of Energy in the
16 amount of \$130 million for the project.

17 That concludes the comments that I had. Are there
18 any other additional questions? Thank you.

19 MR. HAFF: Thank you. Next on our agenda is a
20 presentation by Gulf Power Company.

21 MS. NEYMAN: Good morning. I'm Margaret Neyman.
22 I'm Marketing Services Manager for Gulf Power Company. I
23 wanted to make a note about one thing on our opening slide, is
24 the palm trees in northwest Florida are now laying on the
25 ground; they're not standing upright.

1 I want to talk a few minutes about our forecasting
2 efforts and the impact of conservation on the forecast.

3 Mr. Bill Pope, who is with our system planning department,
4 will cover changes in the resource additions.

5 Gulf Power views the forecasting effort as a dynamic
6 process. One that is ongoing. It never ends. With the
7 integration of different techniques and methodologies, each
8 are applied where best suited.

9 Much of the techniques that we use take advantage of
10 the information that we get from our marketing effort that
11 focus on customers' needs, perceptions and motivations. We
12 also actively promote the wise and efficient use of energy --
13 our energy efficiency products that meet customer needs. Gulf
14 Power has been a pacesetter in energy efficiency markets since
15 the development of the Good Cents Home program in the mid
16 '70s. Gulf's forecast of peak demand reflect the continued
17 impacts of the Good Cents Home program, as well as our other
18 conservation programs.

19 I want to go over here this slide, that shows some
20 historical information about our winter peak demand. What
21 we've shown you here is historical numbers, which is the solid
22 line, as well as the impact of the conservation would have had
23 if we had not had the conservation, which is the top line from
24 the 1985 period to 1993. The top line continues that shows if
25 we had never done conservation what our winter peak demand

1 would have been, which would have risen by the year 2004 to
2 2,403.

3 The middle line there shows the '95 forecast, which
4 is what the ten-year site plan is based on, which takes us to
5 a peak demand of 2,014 by the year 2004. The bottom line
6 shows the effect of our DSM plan, what the conservation we are
7 anticipating, that we filed in February and had a tentative
8 approval in May. And we have taken and adjusted the forecast
9 for the effect of the DSM plan.

10 MR. HAFF: So your load forecast in your plan does
11 not incorporate the Commission's decision on the DSM plan?

12 MS. NEYMAN: That is correct. We did not have
13 approval at the time, so we chose not to incorporate it into
14 there. But that shows the effect. It will be a straight
15 adjustment down, and it will be incorporated in this cycle of
16 our forecast.

17 MR. HAFF: Can you comment? It looks like over the
18 next ten years that your winter peak demand is going to be in
19 essence flat, taking into account your DSM plan.

20 MS. NEYMAN: Yes. Which reflects that they should
21 be effective. The two main programs that make up our DSM plan
22 are pricing related programs, a real time pricing program, and
23 our advanced energy management program, which they have a
24 bigger impact on winter peak demand as well as summer peak
25 demand. We're a summer peaking utility, but there are some

1 benefits in the wintertime as well to both of those programs.

2 The summer peak demand chart is very similar. The
3 top line being the peak demand if we had not instituted any
4 conservation programs, the middle line shows the forecast the
5 ten-year site plan is based on, and the bottom line shows the
6 impact to the forecast after the DSM plan.

7 And in that case the top line, by the year 2004,
8 reaches 2,521; the middle line, which is our forecast that the
9 ten-year site plan is based on, is 2,178; and the bottom line
10 with the DSM plan is almost exactly 2,000 megawatts.

11 I'm going to turn the microphone over to Bill Pope,
12 who is going to discuss the changes in resource additions.

13 MR. POPE: As Margaret mentioned, the ten-year site
14 plan this year did not incorporate any of the effects of the
15 programs instituted as a result of the goals docket last year.
16 But I'll just give you a comparison of what our 1993 and 1994
17 and '95 plans had.

18 In both the '93 and '94 plans, you'll see we had a
19 1998 and a 1999 80 megawatts CT and a 2002 158 megawatt
20 portion of the combined cycle unit. The difference between
21 those two plans and the 1995 plan were that we changed the
22 technology of our CTs from an 80 megawatt nominal size to a
23 100 megawatt nominal size. That drove the price of the
24 technology down and replaced our combined cycle need in 2002
25 with another combustion turbine.

1 Fuel price projections also went down. But you'll
2 note that the footnote there says that the conservation
3 programs and goals will have an effect on this plan and that
4 we expect to see some movement, particularly further out, in
5 deferring these additions.

6 Also, in our ten-year site plan, we made a
7 significant effort to make note that we were looking towards
8 alternatives to actual construction of technologies and
9 resources in the form of purchased capacity, QFs, IPPs, and
10 conservation. So many of these may not come to pass as well.
11 And that concludes my comments.

12 COMMISSIONER KYESLING: I have a question. Assuming
13 for the moment that your projection of a need for a 100
14 megawatt CT unit in the year 1998, when are you going to start
15 the process of, I guess, getting a need determination and then
16 following our rule on capacity additions, et cetera?

17 MR. POPE: Like I said, we are not at a decision
18 point just yet. It should be sometime in the near future;
19 but, like I said, we are more interested in looking for
20 alternatives to construction. And we are investigating right
21 now near term, short term type purchases from other utilities
22 and other entities. So we are really not a whole lot
23 concerned about that one right now. I mean, it is back in the
24 back of our mind, but we are really looking at other
25 alternatives.

1 This particular unit is a CT. It's a nonfossil
2 steam unit. So as far as need determination, it doesn't
3 really fall in that category. It has to go thorough
4 permitting, of course. I understand that.

5 Did I answer your question?

6 COMMISSIONER KIESLING: Yes and no. I guess I'm
7 trying to figure out -- I mean, the Commission has a capacity
8 addition rule, and I'm trying to figure out what you are
9 looking at if you are not looking at something through our
10 process of saying, "We need this, we need this in a date
11 certain. Now who can come in and provide us with this
12 capacity addition at a lower cost?" And I guess I'm just
13 confused about it.

14 MR. POPE: And it's my understanding that this
15 particular unit because it's a nonfossil steam unit does not
16 have to go through site certification or the Power Plant
17 Siting Act. It does have to go through permitting.

18 We haven't made a decision on doing that at all or
19 constructing this unit. We are still looking at other
20 alternatives.

21 Also, as the footnote says, we haven't seen what's
22 going to happen with regard to the effects of the conservation
23 programs on the load forecast this cycle around, and there may
24 not be a need for that unit in that the timing may shift.

25 COMMISSIONER KIESLING: All right.

1 MR. HAFF: The question we have is there has to be a
2 lead time on building this unit. Ultimately with an
3 in-service date of May '98, there will become a point in time,
4 sometime I assume in 1996, where you will have to decide to
5 start construction on this.

6 MR. POPE: That's correct. Yeah, we are seeing a
7 lot shorter lead times now than we were seeing a few years
8 ago. We're seeing lead times of 26 months whereas we were
9 seeing 38 months before. So we're really not to that point.
10 And we've got a lot of other alternatives we're looking at in
11 lieu of this.

12 MR. HAFF: Okay.

13 MR. FLOYD: Oh, Bill, I don't want to beat this to
14 death, but you must be pretty sure that you'll choose not to
15 come under the Act voluntarily to get a need determination on
16 this because this is 1998. You must have already decided
17 that. Is that true?

18 MR. POPE: We really haven't gotten to the point
19 where we need to discuss that yet, Roland. And really this is
20 not a real hot topic for us.

21 MR. FLOYD: I mean, if you did decide to get a need
22 determination, that takes a little while?

23 MR. POPE: That's correct.

24 MR. FLOYD: Okay.

25 COMMISSIONER KIESLING: I have a question that may

1 be for Staff. Our rule on capacity additions, does it only
2 apply to units that have to go through full power plant
3 siting.

4 MR. FLOYD: That's correct.

5 COMMISSIONER KIESLING: So there's not an
6 opportunity for there to be any competitive kind of bidding on
7 these.

8 MR. FLOYD: There's an opportunity for them to do
9 that, but it's not required by this Commission in our rules.
10 We framed our rules to be in line with the statutes and only
11 if they are required to go under the Power Plant Siting Act
12 are they required to come to us.

13 CHAIRMAN CLARK: But they'll still have to show at
14 some point that it was prudent to build the plant --

15 MR. FLOYD: Absolutely.

16 CHAIRMAN CLARK: -- for it to be included in rate
17 base, and that there was not some other alternative they had
18 to pursue; but it is an after-the-fact.

19 MR. FLOYD: Right, but not under our -- I thought
20 she was referring specifically to bidding rule.

21 COMMISSIONER KIESLING: I am. I'm trying to figure
22 how -- I mean, I came on the Commission just at the point that
23 the bidding rule was being voted on, so I'm just not clear
24 whether it's applicable to any of these units.

25 MR. FLOYD: It's not applicable to any of these CTs.

1 COMMISSIONER KIESLING: Thank you.

2 MR. HAFF: Chairman Clark, I guess we can take a
3 15-minute break?

4 CHAIRMAN CLARK: I think that would be a good idea.
5 And I guess we will come back at 11:15. I'd like to suggest,
6 however, that we maybe go ahead and take our break from 12:15
7 to 1:15 and see if we can't get more done.

8 MR. HAFF: Okay.

9 CHAIRMAN CLARK: Okay.

10 (Brief recess.)

11 - - - - -

12 MR. HAFF: If everyone will take their seats, we
13 will go ahead and continue the workshop.

14 I would like to note that we have set aside time for
15 presentations by the municipal and cooperative utilities.
16 However brief you may want to make those presentations, that's
17 fine, if you have one; or if you are just here to answer
18 questions, just when we come to your utility, just identify
19 who you are and if you have anything to say.

20 We're going to start now with the Alabama Electric
21 Cooperative.

22 MR. SCHUSSLER: For those of you who might not be
23 familiar with us, in addition to serving our cooperatives in
24 Alabama we also serve --

25 CHAIRMAN CLARK: Let me interrupt you just a minute,

1 I have been informed some people have difficulty hearing me
2 and people at the microphone if they don't speak right into
3 the microphone.

4 MR. SCHUSSLER: My name is Russell Schussler, I'm
5 the Supervisor of System Planning at Alabama Electric
6 Cooperative.

7 We serve four distribution cooperatives in the state
8 of Florida. Overall, AEC's peak load is about 1,300
9 megawatts, about 20% of that is Florida. We have primarily
10 residential consumers. Our Florida load is about a thousand
11 gigawatt-hours a year.

12 The long-term growth for that area is averaging
13 about 3% or 4% a year; our newer estimates are slightly higher
14 than the '94 ten-year site plan, and this is largely due to
15 national data on population trends and economics.

16 In terms of demand-side management, we have the Good
17 Cents program and we also currently have 97 megawatts of
18 interruptible commercial load. In our '94 site plan that was
19 105 megawatts, that has been reduced some through changes in
20 the industrial process.

21 Our energy sources are primarily coal and purchases
22 from others. In the next few years, we should be maxing out
23 our coal usage. From then on, our future will be dependent on
24 gas for the foreseeable future.

25 The major difference between our '94 and '95 site

1 plan is that we show a little greater reliance on outside
2 purchases over the next couple of years and in the long term.

3 A quick rundown of our generation. We have one unit
4 in the state of Florida that's just a small 10 megawatt unit
5 which provides backup for a military installation. The
6 chances of us building --

7 CHAIRMAN CLARK: Let me interrupt you. Is there any
8 way to make that focus better?

9 MR. SCHUSSLER: Someone was up here before me
10 focusing, I'm not sure how to work your machine. Is that
11 better?

12 CHAIRMAN CLARK: That does help.

13 MR. SCHUSSLER: I see buttons, I can press them.
14 How is that? That's as far as it will go. Is that
15 acceptable?

16 CHAIRMAN CLARK: It's still not in focus, but at
17 least its bigger.

18 MR. SCHUSSLER: As I said, we only have one plant in
19 Florida, it's rather small. It's unlikely in the foreseeable
20 future AEC will build another plant in the state of Florida.

21 Our next addition will be in 1996. We will be
22 repowering an existing steam plant, we will add a combustion
23 turbine which will add 103 megawatts. We did a formal RFP
24 process many years ago, that plant has been delayed for a
25 number of years and it is finally coming on line in 1996.

1 In 1998, we have roughly 250 megawatts of purchases
2 that are expiring. We will replace those purchases. We have
3 100 megawatt purchase to replace a portion of that, and we
4 have a flexible purchase which will allow us to buy 30 to 150
5 megawatts over the next from 1998 to 2005 given advance
6 notice.

7 In 1998, we will add 150 to 225 megawatts of peaking
8 resources. We're in the final stages of an RFP process should
9 be announced later this month. The winner will be a
10 combustion turbine facility. One of the bids was in Florida,
11 the remaining bids were all outside in the state of Alabama.

12 Beyond that, the change in our 1995 ten-year site
13 plan, we moved Lowman repowering up a year, that's our coal
14 unit in McIntosh, Alabama. We might take a smaller unit there
15 and put a combined cycle, a combustion turbine and use the
16 waste heat.

17 Beyond that, our additions are CT and combined cycle
18 units, natural gas. The only difference in the '94 and '95
19 plants is the timing of those plants, which is done to
20 represent to correspond with the load growth. Any questions?

21 MR. HAFF: Thank you. Next on the agenda is
22 Seminole Electric Cooperative.

23 MR. TWITCHELL: My name is John Twitchell; I'm
24 Seminole's Director of Technical Services and I will be
25 concise with my remarks.

1 Not much has changed in our planning environment
2 since our 1994 ten-year site plan or since the need hearings
3 for the Hardee Unit 3 which were held last year.

4 Seminole serves 11 distribution cooperatives in
5 Peninsular Florida. Their load is heavily residential in
6 nature; and as you can see from this chart, the bulk of our
7 energy is for residential use. Over the forecast period, we
8 are expecting energy sales to grow at approximately 3% per
9 year.

10 Our members' load is also heavily winter peaking.
11 Both winter and summer demands are also expected to grow in
12 that 3% per year range.

13 We serve our members' needs with a combination of
14 Seminole-owned resources, purchases from independent power
15 producers and other utilities, and partial requirements
16 purchases through contracts with Florida Power and Light and
17 Florida Power Corporation.

18 We currently own about 1,250 megawatts of coal-fired
19 capacity in Northeast Florida at our Palatka generating
20 station, and we own a very small percentage of the Crystal
21 River 3 nuclear unit.

22 We currently have a number of firm power purchase
23 contracts. The TPS 440 megawatts was described by the Tampa
24 Electric Company representative earlier, that's at the Hardee
25 Power Station and the Big Bend 4 unit. We have purchases with

1 the Jacksonville Electric Authority and the Orlando Utilities
2 Commission for differing amounts over differing time periods.

3 The main thing going on with Seminole in the power
4 supply area is the Hardee Unit 3. And this is just an update
5 of where we are from last year. Of course, the Commission
6 approved the need for the unit in 1994. The Governor and
7 Cabinet earlier this month gave the final Power Plant Siting
8 Act approval. We should be receiving our air and water
9 permits in September; commercial operation is scheduled for
10 January 1, 1999.

11 Hardee Unit 3 is located at the Hardee Power Station
12 site, the same site that the TECO power service units are
13 located.

14 One last item. In our ten-year site plan, we have
15 shown some combustion turbines in the 2003, 2004 time period.
16 Those units are not firm, they're in there for planning
17 purposes only; and as we get closer to the need timing for
18 those units, we would be revising our determinations of needs
19 and we would undoubtedly go through a bidding process to try
20 to get the most economical type of power available.

21 So those units are in there only for planning
22 purposes and really shouldn't be an alert that a new need
23 determination petition would be coming along any time soon.

24 Are there any questions about where Seminole is?

25 MR. HAFF: Yes, I have one.

1 Much like when we asked for TECO, we're concerned or
2 curious as to how you count the capacity from Hardee in your
3 reserve margin calculations.

4 MR. TWITCHELL: Yes. We include all the capacity
5 from Hardee in our reserve margin calculation. That contract
6 was entered into with TECO power services from Seminole's
7 standpoint to primarily use that capacity as reserves and it
8 is Seminole's priority on that capacity is above other
9 priorities when we need it to back up an existing unit.

10 MR. HAFF: It just seems to the Staff there's a
11 double counting of capacity for reserve margin, at least from
12 a statewide basis, and we're just --

13 MR. TWITCHELL: From Seminole's standpoint, we think
14 Seminole's priority and rights to the capacity for reserve
15 purposes is clear. I would beg off questions on the propriety
16 of TECO's utilization to Tampa Electric Company.

17 Anything else? Thank you.

18 MR. HAFF: Thank you. Next is the Florida Municipal
19 Power Agency. I'll call him.

20 MR. CASEY: I'm Rick Casey with the Florida
21 Municipal Power Agency, System Planning Manager. I would like
22 to express my compliments on the new facilities, very nice.

23 With the Commissioners' indulgence, I would like to
24 very quickly go over our structure for the benefit of
25 Commissioner Garcia, since he didn't get to hear this last

1 year. I will cover two or three quick slides and then go into
2 our ten-year site plan.

3 FMPA is a nonprofit joint action agency formed in
4 1978 under the Florida Constitution and the Joint Power Act
5 for the purposes of joint financing, construction, acquiring,
6 managing, operating, utilizing and owning electric power
7 plants. This enables small municipals, two or more, to come
8 together and gain economies of scale.

9 We have currently 26 members spread all over the
10 state. This map can give you an idea of where they are, if
11 you can read that. We have from Havana up close to the
12 Panhandle all the way down to Key West in the Florida Keys.

13 Currently, we have five power supply projects. The
14 St. Lucie project, FMPA owns 74 megawatts of the Florida Power
15 and Light St. Lucie 2 unit. We have 15 of our members that
16 participate in dividing up that 74 megawatts.

17 We have what we call the Stanton project, where FMPA
18 owns 62 megawatts of the OUC Stanton 1 coal unit. Five
19 members in that project.

20 Our Tri-City project again has 22 megawatts in the
21 Stanton 1 coal unit, OUC's unit. We have three members in
22 that project.

23 In our Stanton 2 project, we have 98 megawatts of
24 OUC Stanton 2 unit and currently have eight members
25 participating there.

1 We also have what we call our All-Requirements power
2 supply project. That's where I spend a lot of my time,
3 primarily because FMPA is the wholesale supplier for all six
4 members' total capacity needs or load.

5 Another dimensions of our agency, just to give you a
6 feel, these are three of our larger members, Lakeland,
7 Gainesville and Kissimmee. They each perform their own
8 planning but are still members of FMPA. I have shown there
9 actually this is the annual peak demand; the Lakeland number
10 485 is actually their winter demand in '94, not the summer, as
11 I have shown. That's the demands for the year of '94 for
12 those three members.

13 Our current ten-year site plan shows the 1994 summer
14 peak capacity of our six cities in the All-Requirements
15 project at 455 megawatts roughly. Those six cities are Ocala,
16 Leesburg, Bushnell, Jacksonville Beach, Green Cove Springs and
17 Clewiston.

18 This year's ten-year site plan is quite different
19 implementing what we call our IDO project, integrated dispatch
20 and operation aspects of the All-Requirements project in 1997.
21 That's where we're going to add four new members to the
22 All-Requirements project. Each of those four cities has a
23 their own generation which will bring in new resources to the
24 All-Requirements project. Those four cities are Fort Pierce,
25 Vero Beach, Lake Worth and Key West. In 1997, we'll end up

1 having an All-Requirements project summer peak demand of about
2 917 megawatts.

3 I have two graphs I would like to show you that
4 gives you a graphical summary of what this change looks like.
5 What you can see here in detail in terms of FMPA's generation
6 in 1995, you see the little stairstep at the bottom which
7 shows our Cane Island 1 and 2 units coming into service this
8 past spring. In 1996, the little increment there is our
9 ownership in Stanton 2. Then in 1997, the big stairstep
10 represents bringing in the four IDO cities and basically
11 doubling the load of the All-Requirements project.

12 You can also see from the black line up above what
13 the summer peak demands look like before and after and what
14 our anticipated reserve margin is for each year.

15 The second graph has some of the same information
16 but it also includes NEL. You've got your Y axis on the left
17 for the gigawatt-hours for each year, the Y axis on the right
18 represents the summer and winter peak demand scale.

19 In terms of growth rates, to address one of the
20 Staff's earlier questions about changes in forecast, if you
21 look at our ten-year site plan last year for the years '95 and
22 '96 and then look at this year's ten-year site plan for '95
23 and '96, we have increased our load projections for the summer
24 and the winter for about 2% and NEL has increased about 1.5%
25 for those two years compared to last year's forecast.

1 We also show for the period after '97 what the
2 annual average growth rates are. And, let's see, the winter
3 peak is projected to increase or grow at about 2.3%, summer
4 peak 2.2%, and the NEL about 2.2%.

5 To summarize the two basic changes that we have made
6 to our ten-year site plan this year compared to last year, as
7 I mentioned previously, the All-Requirements project load is
8 going to in essence double in 1997 when we implement our IDO
9 project. And to handle the change in needs in the future
10 years, we are anticipating -- this is not a commitment yet,
11 but we are anticipating adding some CTs, half of one in 2000,
12 half of a megawatt unit in 2000 and an 80 megawatt unit in
13 2002 and 2004.

14 To briefly cover the conservation programs that are
15 in place in terms of demand-side management, several of our
16 large members have substantial programs. In the
17 All-Requirements project, Ocala and Leesburg both have direct
18 load control in place. They also offer a variety of other
19 programs, including residential, commercial and industrial
20 audits, and time-of-use rates.

21 We're currently assisting Ocala with their DSM plan
22 to comply or to follow through, if you will, with their
23 conservation hearing goals established a few months ago.
24 That's due next week.

25 In terms of renewables, we considered burning waste

1 materials at Stanton 2 when it was first being considered but
2 it was determined not to be cost-effective. We are
3 participating in the utility photovoltaic group and trying to
4 keep up with the changes in the solar technology arena.

5 As far as other supply-side alternatives are
6 concerned, Lakeland and Fort Pierce and Vero Beach have used
7 repowering to gain benefits there in terms of generating
8 capacity. We do support through APPA the fuel cell
9 commercialization project and we are committed to purchase a
10 unit once they have come up with something that's commercial.
11 We do have two cogeneration projects, two of our members, Coca
12 Cola and US Sugar.

13 One other dimension of FMPA is our participation in
14 the FMPP, the Florida Municipal Power Pool; along with the
15 Orlando Utility Commission and Lakeland, our All-Requirements
16 project is also the third participant. In January '96 KUA has
17 decided to come into the pool. The pool has been operating
18 since 1988 and we're averaging benefits of around \$9 million a
19 year. With KUA joining next year, we anticipate to see those
20 benefits increase.

21 So in conclusion, our ten-year site plan uses
22 reasonable load and fuel forecasts. We consider all
23 reasonable demand-side and supply-side resources. We're
24 sensitive to environmental responsibilities and our plan
25 provides needed power to several cities.

1 Any questions?

2 MR. SHINE: Rick, I'm Richard Shine with the
3 Commission Staff.

4 I notice that you have purchased FMPA's purchase of
5 98 megawatts I believe of Stanton 2 and that's due on line
6 approximately June of next year.

7 MR. CASEY: Right.

8 MR. SHINE: I'm wondering if any of your contracts
9 allow you to increase your purchases if you have any contract
10 options to increase the megawatts which might allow you to
11 avoid some of those forecasted CTs out in the future?

12 MR. CASEY: Contractually, I'm not sure. Perhaps I
13 can get some guidance from OUC or one of our members. I think
14 that's a fairly firm number. I would presume that if there is
15 excess capacity, they might entertain ownership or they might
16 not. I don't know what their plans call for. Depends on what
17 they plan for.

18 I think I am getting the indication that we don't
19 have the option to purchase more megawatts at this time.

20 MR. SHINE: I was under the assumption that OUC is
21 out aggressively trying to market additional capacity which
22 would be unneeded for the first few years of that unit.

23 MR. CASEY: Right.

24 MR. SHINE: And I was just curious if you had.

25 MR. CASEY: That's a good point. The CTs are again

1 for planning purposes. We have a little bit of time to focus
2 in on those and firm that up. There may be purchase options.
3 We try to do what is most economical and environmentally
4 sensitive for our customers.

5 So as we get closer, say over the next year or year
6 and a half, we're going to look at that very seriously and
7 decide is that exactly what we want to do? We may want to buy
8 from OUC or others who have excess capacity. Good point.

9 Any other questions? Thank you.

10 MR. HAFF: Thank you. We're planning to take lunch
11 around 12:15, as the Chairman noted earlier. So we'll just go
12 into our next presentation, the representative from
13 Gainesville Regional Utilities.

14 MR. REGAN: My name is Ed Regan, planning director
15 for Gainesville Regional Utilities.

16 I don't have any formal presentation to make, I am
17 here to answer any questions you have. The City met last
18 night and conceptually approved our conservation plan. For
19 the record, the amount of conservation we expect to achieve is
20 greater than is in our ten-year site plan.

21 MR. HAFF: Do you expect that to impact your or have
22 you determined how that's going to impact your generation
23 plan?

24 MR. REGAN: Our next unit was 2004, it would move it
25 to 2005, so it is kind of outside the horizon of the document

1 here.

2 MR. HAFF: That was a 74-megawatt CT?

3 MR. REGAN: No, that's actually going to go on line
4 in January; that was a base unit, nominally coal, perhaps
5 combined cycle.

6 MR. HAFF: Okay. Thank you.

7 Next is the Jacksonville Electric Authority.

8 MR. MYERS: My name is Jim Myers, Supervisor of
9 Energy Resource Planning and System Planning Division at the
10 Jacksonville Electric Authority. I don't have a formal
11 presentation, either, but I do have a couple of slides that we
12 can speak from.

13 Our current ten-year site plan shows the following
14 resource additions. The first one has already occurred; we
15 added 50 megawatts coal capacity from Scherer Unit 4. We
16 added this in June. We also have a 3 megawatt unit coming on
17 line in early '96, that will be powered by methane gas. It's
18 at the Girvin Road landfill.

19 Our ten-year site plan also shows a Kennedy Unit 9
20 which is currently in extended cold storage, returning
21 scheduled in the ten-year site plan for '97.

22 And then in '98 we plan on adding a combustion
23 turbine at our Southside generating station and two years
24 later repowering Southside Unit 3. So it will be a combined
25 cycle operation.

1 MR. HAFF: Is that Girvin Road 3 megawatts, is that
2 a qualifying facility?

3 MR. MYERS: No, it is not. This is just in
4 partnership with the City of Jacksonville; they're supplying
5 the methane and we're putting a unit in there. The methane is
6 currently just being flared off, so this is kind of a good
7 program for the City of Jacksonville, actually doing something
8 with the methane gas that's useful.

9 There's just a brief comparison of our last two
10 ten-year site plans, how it has changed. Not a lot has
11 changed, actually. You see the similarities, Scherer Unit 4,
12 that's been scheduled for some time. Both the ten-year site
13 plans the '95 and the '94 showed Kennedy 9 returning. And
14 also the combustion turbine and the combined cycle operation
15 at Southside.

16 In fact, the peak demand in energy forecast had not
17 been updated for the '95 ten-year site plan so that's one
18 reason why there is so much similarity. The only difference
19 is with this Girvin Road landfill unit; and we revised our
20 capacity on the Southside CG, the combined cycle units.

21 In the meantime, since we have been working on this
22 ten-year site plan, we have been developing an integrated
23 resource planning study and some things have changed. The
24 Kennedy 9 unit is likely to remain in cold storage. We have
25 entered into an agreement with TECO Energy Company for a

1 purchase of 40 megawatts of peaking capacity in '98 and 50
2 megawatts in '99; and we will be finalizing our integrated
3 resource plan shortly.

4 MR. HAFF: Are these differences, are these the
5 result of an RFP put out by the City of Jacksonville? We kind
6 of heard somehow there is an RFP.

7 MR. MYERS: That's what I was speaking of. Those
8 differences there are not from this request for bid procedure
9 that we went through. But what came about as a result of that
10 RFP was the purchase from PECO Energy; and that was the 40
11 megawatts in '98 and 50 megawatts in 99. What that is likely
12 to do is move that Kennedy 9 out. So I think in the next
13 ten-year site plan we will come out we won't be showing that.

14 Any other questions?

15 MR. HAFF: I wanted to ask you something else, if
16 you are familiar with this. I have a FERC proceeding
17 transcript when they discussed realtime network, realtime
18 information networks. And one of the witnesses discussed a
19 transaction between the California Department of Water
20 Resources and the City of Jacksonville. Are you aware of that
21 or do you --

22 MR. MYERS: I knew that took place but I'm not real
23 familiar with what the background is and how that came about.

24 MR. HAFF: Is that had a form of wheeling? You
25 don't know? That's really all you know is that it happened?

1 MR. MYERS: I know it happened. I guess it just
2 shows that something like that can be done.

3 CHAIRMAN CLARK: I think you both have to speak up
4 and be a little bit more clear what you are talking about.
5 What is the transcript you have and what does it indicate?

6 MR. HAFF: It's a transcript from the Federal Energy
7 Regulatory Commission proceeding in the matter of realtime
8 information networks. It's something I just came across this
9 morning and among numerous things they discussed was a comment
10 by somebody that an offpeak transaction had been made by the
11 California Department of Water Resources and was sold into the
12 peak market in Jacksonville, Florida. And I had no prior
13 knowledge of this and was just curious if he could explain it.

14 MR. MYERS: I really don't have the background how
15 that all came about.

16 CHAIRMAN CLARK: Let me ask a more simple question.
17 Has it come about? Are you purchasing from --

18 MR. MYERS: That was a one-time deal.

19 CHAIRMAN CLARK: I got you. All right.

20 MR. MYERS: It did occur but I don't think it will
21 be happening on a regular basis.

22 CHAIRMAN CLARK: I for one would be interested in
23 the background of that. Even if it occurred on a one-time
24 basis, I'm sure you didn't shift power from California to
25 Jacksonville; and in terms of having an actual transaction of

1 perhaps an indication of how a competitive market can develop,
2 I would be interested in the details of that transaction.

3 MR. MYERS: I can look into that. Thanks.

4 CHAIRMAN CLARK: Okay. Any other questions?

5 MR. HAFF: Thank you.

6 Let's proceed on to the next company, Kissimmee.

7 MR. MILLER: Good morning. My name is Robert
8 Miller, and I am the Manager of the Bulk System Planning at
9 the Kissimmee Utility Authority.

10 We do not have a formal presentation but we are
11 prepared to answer questions. I do have a few slides to show
12 you that may prime the pump, so to speak. Just some general
13 information.

14 The Utility has been a part of Kissimmee since 1901
15 and the separate authority was established in 1985. We have a
16 service territory of about 65 square miles and about 41,000
17 customers: 80% of which are residential, 18% general service,
18 2% general service -- general service nondemand and 2% general
19 service demand.

20 We have had significant growth in the '80s,
21 typically around 6% to 8%, and we're projecting about 3%
22 normal weather growth. We're a summer peaking utility and we
23 are projecting a 1995 -- well, we are projecting a 1995 summer
24 peak of around 200, 207 gross; probably around 200, a little
25 bit under that, net. And winter peak somewhere around 190,

1 196, 195.

2 COMMISSIONER KIESLING: I'm sorry, could you speak
3 more into the mike? When you turn your head to look up there
4 and you don't turn the mike, I lose you.

5 MR. MILLER: Okay.

6 Our summer peak demand is projected to grow at
7 similarly around 3% per year. And our winter peak is
8 projected to grow about the same rate. These are normal
9 weather projections.

10 As far as generation is concerned, we have Hansel
11 plant, the summer rating of about 18 megawatts and a combined
12 cycle unit at that plant with a summer capacity of around 40,
13 44 megawatts, in that region. Jointly with the Florida
14 Municipal Power Agency, we just commissioned our Cane Island
15 power facility, both Unit 1 and Unit 2 are online. These are
16 summer ratings about 54 megawatts, and 15 megawatts for
17 Unit 1. The first one is Unit 1, the second is Unit 2.

18 We have ownership shares in the Stanton 1 unit,
19 around 21 megawatts. Indian River CT, A and B, about 9
20 megawatts, and the Crystal River nuclear facility around 5.2
21 megawatts.

22 We've got purchases from St. Lucie, OUC and
23 Stanton 2. We originally contracted to purchase about 15, 16
24 megawatts; and in the last couple months we have been
25 negotiating or we have negotiated additional amounts of

1 Stanton 2 from Homestead and Lake Worth.

2 The details of the negotiations are still going on
3 in respect of whether we will be getting 50% of Homestead's
4 excess share in Stanton 1 and Stanton 2, but the capacities
5 are fixed.

6 We also have a contract, a stratified PR contract,
7 from FPC. And these are not the nominated amounts but these
8 are the amounts we have planned to meet our 15% reserve
9 margin.

10 We have a reserve margin target of about 15% and we
11 basically are within that target up to 2004 period.

12 This concludes my presentation. If there are any
13 questions?

14 Thank you very much.

15 MR. HAFF: Next up is the City of Lakeland.

16 Chairman Clark, would you suggest we go on and finish the
17 remaining three utilities --

18 CHAIRMAN CLARK: I think that would be a good
19 idea --

20 MR. HAFF: And then take lunch?

21 CHAIRMAN CLARK: -- and then take public testimony.
22 If that's satisfactory to the rest of the Commissioners.

23 MR. HAFF: Okay.

24 MR. ELWING: Good morning, Commissioners, Staff, I
25 guess it is now afternoon, so good afternoon. I'm Paul

1 Elwing, Manager of System Planning, City of Lakeland,
2 Department of Electric and Water Utilities.

3 I do not have a formal presentation for you all this
4 morning, nor do I have any overhead graphs. I'm here to
5 answer questions.

6 I'll give you a little bit of background about
7 Lakeland. FMPA has given a little bit of information about
8 Lakeland this morning already. Lakeland is basically a 500
9 megawatts peak system, with about 650 megawatts generation.
10 We serve about 250 square miles in Folk County and we have
11 about 100,000 ultimate customers.

12 Our filing of a ten-year site plan this year we have
13 no what we consider significant changes over previous years.
14 Growth rates are continuing in the 2.5% to 3% range, as they
15 have been over the past few years. We, as I said, don't see
16 any significant changes.

17 We have what we feel is a relatively aggressive
18 conservation program which fortunately is a mandatory program
19 for all new residential customers entering the City system.

20 That basically concludes my comments. Any questions
21 from the Commission or the Staff? Okay.

22 MR. HAFF: Thank you.

23 MR. ELWING: Thank you.

24 MR. HAFF: Next we will hear from the Orlando
25 Utilities Commission.

1 MR. BROOKMAN: Good afternoon, I'm Tom Brookman,
2 Senior Engineer with the Orlando Utilities.

3 We also don't have an official presentation, I'm
4 just going to give you an update since our last ten-year site
5 plan.

6 Stanton 2 is approximately 80% complete done, on
7 schedule for July 1996, and in January of '95 we officially
8 reduced the budget 3% by \$42 million to \$480 million. That
9 was a significant reduction for us.

10 Since the ten-year site plan, we have also signed an
11 agreement with the Department of Energy for the Climate
12 Challenge Participation Accord which will significantly reduce
13 our carbon dioxide. And also we are planning on filing a new
14 demand-side program; it will include direct load control and
15 four new conservation programs.

16 And I will be happy to answer any questions that you
17 may have. Thank you.

18 MR. SHINE: This is Richard Shine again.

19 I was just curious how many of the Florida utilities
20 are you currently negotiating with for some of the Stanton
21 capacity and what time period do you anticipate you will grow
22 into the need of the 330 megawatt share that you own -- or
23 approximately 300 megawatt share that you own -- out of the
24 unit?

25 MR. BROOKMAN: We have had contacts with several

1 utilities in and outside the state of Florida. And it won't
2 always be based on the Stanton capacity, like our recent one
3 with Seminole was a 75 megawatt systems sales. We're out
4 there looking what's going to be best for OUC and it may or
5 may not be generally straight off of Stanton 2.

6 MR. SHINE: So you're basically negotiating with a
7 number of outside utilities outside the state of Florida as
8 well as instate utilities?

9 MR. BROOKMAN: And the new power marketers also.

10 MR. SHINE: Okay. Thank you.

11 MR. BROOKMAN: Any other questions? Thank you.

12 MR. HAFF: All right, our final utility presentation
13 or company will be the City of Tallahassee.

14 MR. BRINKWORTH: Commissioners, my name is Gary
15 Brinkworth. I'm the Electric Planning Administrator for the
16 City of Tallahassee.

17 We don't have a formal presentation or view graphs
18 today, either. I would like to spend just a minute talking to
19 you a little bit about what Tallahassee's current status is
20 with regard to our integrated resource plan and what our
21 prospects are for acquiring the capacity you have seen
22 identified in our last two ten-year site plans.

23 We do indicate that Year 2000 is probably our next
24 need for capacity. The City is currently involved in an
25 integrated resource plan. The preliminary phases of that plan

1 are complete; and based on that information, the City is
2 currently anticipating the release of a request for proposals
3 for capacity and energy probably at the end of this month.
4 We'll be seeking long-term, firm power offers from third
5 parties.

6 We also have several self-build options that we will
7 be evaluating over the course of the next few months. If the
8 RFP schedule remains as we have recommended to our City
9 Commission, we should be in the position to short list some
10 bidders before the end of this calendar year. Our intent is
11 to have all that capacity, if it is third-party capacity,
12 under contract before the summer of 1996. That's probably the
13 biggest activity that we are involved in right now.

14 We are also finalizing our demand-side management
15 portfolio that will be part of that plan. And as the
16 Commission is aware, we received an extension to February to
17 file our plan in order to synchronize with this IRP process
18 that we are involved in right now.

19 Just as a side note about something a little bit
20 more closer to home, the City did set a record peak yesterday
21 afternoon. For those of you who live around here, you
22 shouldn't be too surprised, 497 megawatts of summer peak. And
23 we served that all out of our own generation plus the purchase
24 that we have from the Southern Company. In fact, my operators
25 tell me that at the time of the peak, we were selling 60

1 megawatts south to other utilities in Florida, so we were in
2 pretty good shape overall.

3 The bad news I guess is that that peak is almost
4 exactly our Year 2000 forecasted summer peak. So I went in
5 this morning before I came down here and fired all my
6 forecasters. (Laughter)

7 So we had a pretty hot one yesterday and we are
8 expecting something similar today, but good for revenue.

9 Be glad to answer any questions you have.

10 MR. HAFF: Gary, I just had one question.

11 In your discussing the potential for a new IRP
12 resulting from your resource plan, you didn't mention the
13 in-service date of when that resource would come on line.

14 MR. BRINKWORTH: It is projected for the summer of
15 2000.

16 MR. HAFF: Thank you.

17 With that, we have concluded the utilities'
18 presentations. We can take a lunch now, I guess. What time
19 would you like to come back?

20 CHAIRMAN CLARK: I think it would be appropriate to
21 break until 1:15 and then come back with public comment.

22 Ms. Swim?

23 MS. SWIM: Just procedurally, I'm not sure how many
24 other public comments there are, but between PEAR and LEAF, we
25 think we would take ten minutes or less. If there's a way we

1 could continue, we would like to do that now.

2 CHAIRMAN CLARK: Thank you very much. Maybe we
3 should sort of take an assessment of who is interested in
4 speaking and making public comments and maybe it can be
5 concluded right now.

6 MR. MCGLOTHLIN: I'm Joe McGlothlin on behalf of the
7 Competitive Energy Producers Association. We will need five
8 minutes for our comments.

9 MR. HAFF: Are there any other persons in the
10 audience that wish to provide public comments on the
11 utilities' ten-year siting plans?

12 CHAIRMAN CLARK: I assume that Mr. McGlothlin and
13 Ms. Swim don't have any overheads, so the Commissioners are
14 going to move up there and we'll take your comments and we'll
15 conclude this proceeding.

16 MS. ERSTLING: Chairman Clark, my only concern is we
17 have published an FAW notice showing an afternoon session for
18 public and interested persons. And although we have the
19 comments from people who normally come here, we have no way of
20 knowing whether there might be any other comments coming in.

21 COMMISSIONER KIESLING: Could I get a clarification,
22 Ms. Erstling? What exactly does the notice say?

23 MS. ERSTLING: The notice had an agenda attached to
24 it which showed we were having an afternoon session and that
25 public and interested persons' comments according to the

1 initial agenda was set for 3:00. And I have a bit of concern
2 about what that might mean in terms of the parties or persons
3 who might be outside looking to that hour to come in.

4 COMMISSIONER KIESLING: May I make the suggestion
5 that maybe you want to come down here at that time and if
6 somebody shows up, fine, let us know.

7 MS. ERSTLING: If that's your pleasure. I'm just
8 pointing out that we did publish that notice.

9 CHAIRMAN CLARK: I'm trying to find where I put my
10 notice, I would like to look at it.

11 COMMISSIONER GARCIA: Can we get some lights on up
12 here also? It's pretty dark up here.

13 CHAIRMAN CLARK: I would note this is indicated as a
14 tentative agenda and the notice itself does not indicate that
15 we will reconvene after lunch.

16 MS. ERSTLING: I agree with you; but I just thought
17 that I would point that out so that you would be aware that
18 that did go out with the notice, even though it was tentative.

19 CHAIRMAN CLARK: Commissioners, unless you think it
20 would be appropriate to come back down here, I'm satisfied
21 that the notice indicates it starts at 9:30 and that the
22 agenda was tentative, there was no commitment to come back
23 after lunch. Okay.

24 Ms. Swim? Now Ms. Elder, are you going to make a
25 presentation also?

1 MS. ELDER: Yes, Commissioner. When Deb Swim came
2 up, she said, PEEF, meaning the Project for an Energy
3 Efficient Florida, and LEAF, so I didn't --

4 CHAIRMAN CLARK: And was that a total of ten
5 minutes?

6 MS. SWIM: Yes.

7 MS. ELDER: Yes.

8 CHAIRMAN CLARK: Great. Go ahead, Ms. Swim.

9 MS. SWIM: I'm Deb Swim, here representing the Legal
10 Environmental Assistance Foundation.

11 We've submitted some written comments to the Staff
12 and to the Commissioners on August 7 and I just wanted to
13 highlight at this point three points that we made in those
14 comments.

15 We think, No. 1, it's very important as the
16 Commission starts its new responsibility to implement the
17 ten-year site planning process that you consider adopting some
18 rules that establish both the standards for what needs to be
19 in the ten-year site plans and the procedures, the process
20 about how the plans are going to be implemented or reviewed by
21 this agency.

22 In terms of the standards, at minimum we think it's
23 important to have the initial filing by the company have the
24 data and analyses that there seems to be a consensus is
25 necessary. As you know, in the goals case, the Commission

1 voted to embrace the federal IRP standard -- while not
2 adopting it out of concerns for how future federal
3 interpretations might impact -- and proceeded to its credit
4 with a memorandum of understanding with the Department of
5 Community Affairs to evaluate the energy planning process.

6 And I believe through Staff's White Paper, which was
7 accepted by the Commission last November, there is a consensus
8 that additional information and analyses should be routinely
9 provided with the ten-year site plans. And we believe at a
10 minimum the Commission should in its own rules to govern this
11 process make sure that that information is routinely provided.

12 And that kind of brings me to my second point, which
13 is a procedural point that we think should be included in the
14 rule.

15 You know, your Staff to its credit has made a data
16 request of the utilities to secure this additional information
17 that I'm talking about. And Mr. Haff is going to provide me
18 with a copy of that. But it is difficult for the public,
19 since you didn't have a rule, to know that they could request
20 more data or perhaps the Commission might be requesting more
21 data and they should be calling the Commission to figure out
22 what they need to get this data. And it is very difficult,
23 the public is placed out of the loop of the process because
24 you don't have any specified procedures for how this occurs.

25 And another procedural point I wanted to highlight

1 is you all probably remember Debbie Evans, who intervened in
2 the goals case. She called me, she wanted to get a copy of
3 Florida Power and Light's plan. And she called the company
4 and they said they would provide it to her at a cost per page;
5 that, you know, I understand that's their cost but, you know,
6 made it hard for her to secure a copy. With the assistance of
7 your Staff we were able to get a copy to her.

8 But procedurally, if the public is going to be
9 involved in this, we need to have a way to have the plans and
10 all the information provided in a timely fashion to the
11 public. One way to do that, at the very minimum, would be to
12 see that there has to be a copy filed in the library or
13 something along those lines. We think at a minimum we want to
14 see you to initiate the rules to reflect the consensus of the
15 information that needs to be provided in the initial filing
16 and, two, to establish the process to make sure the
17 information that is deemed necessary is routinely provided
18 early enough so that the public can be involved. That's the
19 first point.

20 The second point is, in reviewing the ten-year site
21 plans it's clear there's a lot of variances in how the core
22 information is presented. This makes it very difficult for
23 the public and I would expect also for the Commission or other
24 state level policy makers to understand the information and
25 compare it.

1 The presentations that were done today, particularly
2 by the Florida Coordinating Group, were very helpful. And we
3 would like to see, you know, this information provided in more
4 standard, standard ways to facilitate everybody's
5 understanding of the important policy questions.

6 The third point is the need that LEAF sees to
7 integrate resource planning with resource acquisition. As you
8 know, the Commission routinely evaluates utility resource
9 acquisition. Whether the utility is procuring generating
10 resources or demand-side resources, there are a number of
11 proceedings -- need determination, goal-setting, DSM plans --
12 approving power purchases that you are actively involved in.

13 We think it is very important to give meaning to the
14 utility plans at least to some minimal degree and one way to
15 do that very easily would be to add as an issue in those
16 proceedings, "Is what's being proposed, does it conform to the
17 plan?" And if not, require an explanation of any variance.
18 We think this could be done very simply and would be a
19 meaningful improvement to keep everyone on track.

20 You know, we also think it is worth looking at the
21 idea of consolidating these proceedings; but that's not as
22 important to us as just getting the integration to some degree
23 so there is a look at the conformance with the plan with the
24 future acquisition that the utilities do.

25 The fourth point is to recognize that now as the

1 sole agency that's implementing the ten-year site planning
2 responsibilities is the requirement that the Commission
3 consider consistency of the utility plans with the state
4 comprehensive plan. Which has, as you may be aware, some very
5 important policies to govern environmental and energy issues.

6 We suggest that it might make sense at this point to
7 implement your new responsibilities over environmental issues,
8 to try and discuss with the Department of Environmental
9 Protection the entering into a memorandum of understanding
10 where they might help the Commission with this new
11 responsibility.

12 And one thing that jumped out to me that you might
13 include in such an MOU is to have the Department of
14 Environmental Protection open a docket to look at the methods
15 to quantify external externalities or environmental impacts.
16 There are a lot of new techniques on how to do this; and this
17 particular docket was recommended by the Governor and Cabinet
18 in the power plant siting task force to remedy what they saw
19 as a significant defect in the power plant siting task force
20 where power plants are basically built without a meaningful
21 evaluation of the environment impacts of resource
22 alternatives.

23 If DEP gets a gas permit application, they evaluate
24 the gas plant; if they get a coal plant applicatic , they
25 evaluate the coal plant. There's not a meaningful opportunity

1 to compare those two alternatives. This is one thing that the
2 Governor and Cabinet thought was a good idea to fix that
3 problem. And it would fit in here with the Commission's new
4 responsibilities; and we urge you to ask the Department to
5 enter into a memorandum with the Department to look into this
6 issue and have them look at the methods that are available to
7 do the quantification.

8 That concludes my remarks. I would be happy to
9 answer any questions.

10 CHAIRMAN CLARK: Questions, Commissioners?

11 Ms. Elder?

12 MS. ELDER: Thank you, Madam Chair and members of
13 the Commission.

14 My name is Marcia Elder, for the record, and I'm
15 speaking on behalf Florida Chapter of the American Planning
16 Association as well as the Project for an Energy Efficient
17 Florida.

18 Our comments today track in part or recap in part of
19 input that we've offered before the Commission in prior
20 proceedings as well as in the DCA workshop on planning issues
21 that were held at the Commission and in our serving as a
22 member of power plant siting task force.

23 A few very general comments first and then several
24 particulars. I think it's safe to say that, as the State
25 Association of Planning Professionals, that Florida APA

1 appreciates better than most the importance of a well-founded
2 planning process and that, coupled with an informed and timely
3 planning effort to assure a clean environment, to assure a
4 thriving economy and to assure a desirable quality of life for
5 our state.

6 Of all the areas where planning is important, we see
7 energy as being at the top of the list.

8 The ten-year site plan process as currently defined
9 in the statutes is, quite frankly, not our vision of the most
10 effective approach to planning; but we believe it is far
11 better than the alternative of having no process, which is why
12 we were appreciative of the legislature's decision that it
13 would not be repealed, that it was a viable process. And
14 we're pleased that it is now here at the Commission and we see
15 the next challenge is how to make it work effectively in its
16 new home with the Commission and how to improve the process
17 where it is presently weak.

18 One part of the process called for in the statute is
19 the consistency review with the state comprehensive plan. We
20 think that acts as a very important function, just as it has
21 been extremely valuable in the growth management process of
22 reviewing local government comprehensive plans and the
23 regional policy plans prepared by regional planning councils.

24 As for the environmental provisions of the charge
25 set forth in the statutes, we think LEAF has offered a very

1 good suggestion calling for a memorandum of understanding with
2 the Department of Environmental Protection and we believe
3 this should be pursued, at least on an initial basis, as a way
4 of assisting the Commission in carrying out this function.

5 In your review of the plans, we would also emphasize
6 the importance of considering viable alternatives to new
7 generating facilities wherever possible through energy
8 efficiency and renewable resource technologies.

9 In terms of other issues, first I think you know
10 well that we have had a long-standing position of concern and
11 support for affording full opportunity to the public for
12 participation in the governmental decision-making process; and
13 that would most definitely include the energy decision-making
14 process, such as plans for our energy future as you are
15 talking about here today.

16 In that regard, we would like to again express
17 support for the type of concerns that LEAF has pointed out so
18 very well today, such as the importance of having the public
19 workshops to address these issues and allowing the opportunity
20 for public involvement and, as part of that process,
21 evaluating the minimum resource planning standards that would
22 best serve the public interests and also establishing rules
23 set forth what are the rules of the game that everyone
24 understands and everyone understands where it is they can
25 participate and how.

1 As part thereof, we hearken back to the
2 recommendations put forth by Dr. Joe Etto early on where there
3 seemed to be agreement within the PSC and with the various
4 other parties that participated in the conservation goals
5 issues earlier, and that could be a very valuable basis for a
6 starting point on a rule. And as well as on issues that Deb
7 Swim has talked about as far as procedures for securing
8 supplemental data, as far as the format and presentation of
9 data and provisions on public participation, those sorts of
10 things. I won't recap on issues she has already explained and
11 that LEAF submitted to you in writing in some detail, which we
12 reviewed and were and are very supportive of.

13 But with those comments, we would like to thank you
14 very much for the opportunity to again express our concerns.
15 We know that we needed to do that in just a few minutes here
16 today; but it is an important issue to us and we look forward
17 to working with the Commission as you embark on this new area
18 of responsibility and offer assistance in any way that we can
19 provide as far as the planning association as well as the
20 project.

21 Thank you very much.

22 CHAIRMAN CLARK: Thank you. Questions?

23 MR. MCGLOTHLIN: Chairman Clark, my name is J.
24 McGlothlin. I'm here today for the Florida Competitive Energy
25 Producers Association, or CEPA.

1 I know that I'm last and it's past lunch time, so I
2 promise to be brief. But Commissioner Kiesling through her
3 questions touched on an area that CEPA regards as very
4 important; I want to take about five minutes and address that
5 portion of the presentations today.

6 CEPA is an organization of independent power
7 producers that was formed to promote competition in the power
8 generation industry. I have an observation about the ten-year
9 site plans that have been presented as well as a
10 recommendation concerns CEPA's view as to how you should
11 proceed to carry out your new responsibilities concerning
12 those plans. The point I intend to make requires that I make
13 a very short background statement.

14 The advent of competition in the power generation
15 industry has led to significant benefits for users of
16 electricity. Across the nation and including in Florida,
17 independents have entered into purchased power agreements to
18 provide firm power at costs lower than the utility's own.
19 More recently, it is becoming clear that the very prospect of
20 competition has led traditional utilities to shed costs, all
21 to the benefit of the user of electricity.

22 Based on the potential for that type of benefit,
23 CEPA's proposition to you is that the opportunity for
24 meaningful competition to identify the low cost alternative
25 should be as basic and explicit a portion of the utility's

1 planning process as are such items as load forecasts and
2 reserve margin criteria.

3 With that in mind, let me point out what is not in
4 the ten-year site plans. Seminole's plan does refer to its
5 intent to pursue a formal all-source bidding process relative
6 to the units identified in its plan, but Seminole is the
7 exception. The other documents are devoid of any reference to
8 a future competitive capacity procurement process.

9 Florida Power and Light Company identifies Martin 5
10 as its next capacity project but does not mention any intent
11 on its part to consider alternatives.

12 FPC, as you heard, identifies two large repowering
13 project; but again, FPC does not mention the possibility of
14 competitive alternatives.

15 We think it's clear from these documents and the
16 presentations you have heard today that competition has not
17 yet been assimilated and accepted as a part of the basic
18 planning process of the utilities. CEPA believes that result
19 will come about only if competition in the generation market
20 is actively prescribed as public policy in Florida.

21 You have begun that process several years ago in the
22 aftermath of the FPL Cypress application for a determination
23 of need. You amended the rules governing the petitions
24 brought forth to the Commission under the Power Plant Siting
25 Act to require a showing of a competitive process.

1 That was a step in the right direction. But as
2 Commissioner Kiesling's questions pointed out, that avenue in
3 and of itself does not encompass much of the planning and
4 construction activities that utilities have identified in
5 their plans.

6 We think you should take advantage of other
7 opportunities to articulate your requirements and your
8 expectations regarding the utility's commitment to meaningful
9 competition in the area of capacity additions.

10 Your consideration of the ten-year site plans
11 presents such an opportunity. During the last session the
12 legislature gave you additional responsibilities over those
13 plans. You now have the opportunity to use the first exercise
14 of those responsibilities to make the review of the ten-year
15 site plans more meaningful than it has ever been to this
16 point.

17 The requirement that utilities prepare and file
18 ten-year site plans goes back to the early 1970s. The
19 requirement predates the advent of competition in the power
20 generation industry. The format and the content of the plans
21 that are filed reflect the way that the industry used to be.
22 The ten-year site plan mechanism, however, is designed to mesh
23 with the Power Plant Siting Act process. There are references
24 to how one interplays with the other in this statute. For
25 that reason, this gives you an opportunity to make a very

1 natural and logical extension and expansion of the policy that
2 was articulated in the rules governing Power Plant Site Act
3 applications.

4 You should require the utilities filing ten-year
5 site plans to demonstrate their intent to pursue an analysis
6 of competitive alternatives in those plans. It is clear that
7 you have the authority to do that. The statute requires that
8 you consider, quote, "possible alternatives to the proposed
9 plan." In addition, the statute calls upon you to classify as
10 "suitable or unsuitable" those plans as they pertain to
11 planning documents.

12 We suggest that as a threshold criterion of your
13 review you make clear your view that a plan does not deserve
14 to be classified as a suitable planning document if it does
15 not manifest a clear intent to provide potential competitors a
16 full and fair opportunity to present the best low-cost
17 alternative for the ratepayers.

18 If I could just follow through on another point. It
19 was mentioned earlier that, whether or not a particular
20 capacity addition falls under the Siting Act, there is always
21 the requirement that a utility demonstrate that its actions
22 were prudent. Well, if there is no upfront requirement of
23 bidding, if there is no obligation to pursue competition at
24 the front end of the process, that the prudence view is an
25 invitation for the utility to construct the capacity itself

1 and then try to demonstrate that for whatever reason
2 competition wasn't required. Whether it fails or succeeds in
3 that showing, at that point it's too late for the competitive
4 market forces to confer those benefits. So we think that the
5 prudence standard doesn't go far enough to realize the
6 objective that we hope you share with us, which is to bring
7 the benefits of competition to Florida.

8 Whether the need for capacity additions is near or
9 not, now is a good time to put in place the procedures and
10 policies that would serve ratepayers best. CEPA urges you to
11 use the ten-year site plan review as an opportunity to signal
12 to all involved your desire that Florida realize the full
13 benefits of the potential for vigorous competition in the
14 power generation industry.

15 CHAIRMAN CLARK: Questions?

16 COMMISSIONER DEASON: I have a question.

17 Mr. McGlothlin, how do you propose what you are advocating
18 here, if the Commission were inclined, how do you propose it
19 be incorporated into the ten-year site plan process?

20 MR. MCGLOTHLIN: I think the ultimate objective is,
21 as I said, given the present statute, there is a requirement
22 that you receive, review and then classify as suitable or
23 unsuitable the plans submitted to you. Granted that you have
24 inherited a process that is mid stream, perhaps you wouldn't
25 want to do that with respect to review of these particular

1 plans. But the statute also gives you the authority to adopt
2 rules that govern, among other things, the preparation,
3 submission and review of all the ten-year site plans.

4 So we think our suggestion of the criterion of a
5 demonstration of an intent to pursue competitive alternatives
6 and to evaluate them is something that can be incorporated
7 within your authority to engage in rulemaking.

8 COMMISSIONER DEASON: Well, are you looking for a
9 commitment within the plan that competitive alternatives will
10 be reviewed, or are you looking for -- exactly what are you
11 looking for within the plan?

12 MR. MCGLOTHLIN: We're looking for this Commission
13 to articulate a policy in favor of full, vigorous competition
14 in the power generation industry and to incorporate that
15 policy in its review of the ten-year site plans. And we
16 think, as I said --

17 COMMISSIONER DEASON: Obviously for planning
18 purposes we cannot look at a plant that is on the horizon ten
19 years and expect the company to issue bids ten years from now
20 to see what is going to be the most cost-effective unit. In
21 fact, nobody would probably even submit a bid on that because
22 it is so speculative and it is so time-consuming and costly to
23 submit a bid nobody would even bother to do that.

24 MR. MCGLOTHLIN: I'm not suggesting that either the
25 preparation of the plan or your review of the plan encompass

1 something about the outcome of the process, only that reflect
2 your policy that for planning purposes the utilities
3 incorporate the ability, the opportunity, for competition as
4 part of the capacity procurement.

5 COMMISSIONER DEASON: We have a requirement now, we
6 have a bidding rule. I know some people think it goes too
7 far, some people think it doesn't go far enough.

8 As Commissioner Kiesling pointed out this morning,
9 one of the things it does not address, units that would not
10 come under the Power Plant Siting Act. If that deficiency
11 were cured -- if the Commission did indeed feel that were a
12 deficiency in the bidding rule -- what other deficiencies
13 would have to be cured? Because then it appears then that all
14 significant additions to a capacity by a utility would have to
15 be competitively bid unless they can could make a showing that
16 it is not cost-effective to do so.

17 MR. McGLATHLIN: If the Commission is in favor of a
18 policy of vigorous competition, then I think that policy
19 should be expressed at every point of contact between the
20 Commission and the utility's planning and construction
21 practices.

22 I mentioned that in our view the Commission should
23 pursue opportunities to announce that policy in addition to
24 its activities under the rules governing power plant siting
25 applications. This is another such opportunity. Your

1 cogeneration rules, which, as I understand it, will be coming
2 under review again, present yet another opportunity.

3 As you address each of those areas, it is our hope
4 that you will bring to bear your view, your expectation, that
5 the utilities will pursue competition interests.

6 COMMISSIONER DEASON: A question for the Staff. Is
7 Staff contemplating reviewing the need for the Commission
8 adopting rules in the area of ten-year site plans?

9 MR. FLOYD: Yes, sir. We already have a preliminary
10 draft in the Electric and Gas Division; and we have a schedule
11 by the end of this month to send a proposal to the Division of
12 Appeals. From there, they will set up a schedule to get the
13 EIS and so forth.

14 We're well under way with our preliminary draft.

15 COMMISSIONER KIESLING: Does it include anything
16 akin to what Mr. McGlothlin was suggesting?

17 MR. FLOYD: No. Well, there are two parts to this.
18 No. 1, the competitive aspects. We just went through
19 rulemaking and decided that we did not want to include these
20 CTs, for example, in the competitive bid process.

21 The reason for that I think is we went back to the
22 statute and in the legislature's wisdom they gave the
23 utilities a little bit of freedom in cases where they had to
24 build capacity quickly not to have to come in for a need
25 determination. I think that was the reason they gave, it had

1 to be a unit that was 75 megawatts steam or greater, so they
2 didn't want to tie them up in knots necessarily.

3 So we kind of took our lead from the statute and
4 said, "Okay, let's develop a rule that only if you have to
5 come under the Power Plant Siting Act will you bid out
6 capacity."

7 Whether that's good or bad now, I don't know. We
8 can open up rulemaking again, but we just went through -- our
9 rule, I think, is only a year old. But that's up to the
10 Commissioners whether you want us to open up that rule again.
11 That's one part of it.

12 Now, the other aspect is the procedural aspect, what
13 we do in review of the ten-year plans, you know, beyond how
14 you acquire the sources, but how you do your planning to
15 determine what resources you need. That will be part of this
16 rulemaking process. And the part about how do we review these
17 plans, what do we require to be in the plans, all those
18 matters I assume will be taken up in the rulemaking process
19 for review of the ten-year plans.

20 We weren't planning on having another rule to deal
21 with competitive bids until you direct us to do that.

22 MR. MCGLOTHLIN: If I could just respond to one
23 aspect of that?

24 I think it's clear from the presentations and the
25 site plans you have seen sponsored today that those utilities

1 who identify CTs in their plans have an ample horizon to
2 incorporate some opportunity for competitive procurement even
3 with respect to those units.

4 CHAIRMAN CLARK: As I understand what you are
5 saying, your concern is that by doing an after-the-fact review
6 of prudence that it doesn't help on the front end for you all
7 to be a player in that.

8 Do you have any sort of comment -- I guess I'm still
9 not clear, despite your conversations with Commissioner
10 Deason, as to how you envision incorporating a policy of
11 more -- of vigorous competition into the ten-year site plan.

12 Relate it to, say, Gulf Power's plan. Are you
13 suggesting that they would have to put in their plan a
14 commitment to competitively bid the CT units or the need for
15 that --

16 MR. MCGLOTHLIN: There would have to be in our
17 estimation evidence in the ten-year site plan that the utility
18 is pursuing not only what identified in its own plan but also
19 the evaluation of competitive alternatives in earnest, yes.
20 We expect that would be -- as I say, we think that should
21 become so fundamental a part that it would be assimilated and
22 incorporated as a daily business, if you will, or a routine
23 way of looking at the planning process.

24 CHAIRMAN CLARK: If you could speak to Gulf Power's
25 plan, what would be done differently to incorporate what you

1 are envisioning?

2 MR. MCGLOTHLIN: If I could by analogy just refer
3 you to Page 40 of Seminole's plan. I indicated that Seminole
4 did have a reference to a bidding process. In Seminole's
5 plan, as the gentleman described earlier, they have identified
6 some distant CTs for planning purposes. The statement on
7 Page 40 occurs, "The units are included for planning purposes
8 only. The IRP study will optimize the amount and timing of
9 such capacity. The exact type of the capacity and location
10 will then be determined through a formal all-source bidding
11 process."

12 I read this to mean that it is not only internal but
13 they would consider external sources of capacity. And that is
14 the type of incorporation of the evaluation of alternatives I
15 think should be so fundamental a part of the planning process
16 that it belongs in the ten-year site plans.

17 CHAIRMAN CLARK: Well, I guess it seems to me then
18 you are suggesting that we should require them to do an RFP
19 for all capacity additions.

20 MR. MCGLOTHLIN: At least for planning purposes, I
21 think that should be the assumption going into the planning
22 process, yes.

23 CHAIRMAN CLARK: Okay.

24 COMMISSIONER DEASON: But as we have seen from the
25 descriptions that we have heard today, a lot of these smaller

1 CT type units, that's where a lot of the flexibility in the
2 plants come from. You can delay a unit one year or whatever
3 and you don't have the tremendous time lag or the upfront time
4 in planning plants such as a pulverized coal plant.

5 And I guess how do you -- is it compatible? Would
6 there be a reduction of flexibility if some type of bidding
7 were required on these type plants, where right now the
8 flexibility is such where if the plans work out and the timing
9 is such there could be a competitive bid, but if there were
10 some type of an emergency situation that time didn't permit
11 the company would still be able to build their own CT?

12 I'm just trying to sit here today and think about
13 whether there are going to be problems with what you are
14 proposing.

15 MR. MCGLOTHLIN: Commissioner, my first response is
16 that if it doesn't take the utility long to build a CT it
17 doesn't take an independent long to build a CT either. So my
18 first impulse is to say I don't think it is a problem. I
19 don't want to discount the possibility of an emergency
20 situation, but I don't think the planning process should be
21 premised on the expectation of a situation like that. I don't
22 think that possibility should crowd out the opportunity for
23 competition to have a role in the planning and procurement of
24 capacity.

25 COMMISSIONER DEASON: No, I agree with you. In

1 fact, that's one of the reasons we're doing this planning
2 process is so that we don't have these type of emergencies.
3 We can actually have an orderly estimation of the way things
4 are going to progress. While everything is not going to be
5 exactly as forecasted, the idea is that it is going to be
6 fairly close and that we can transition -- we can have an
7 added capacity in an orderly and cost-efficient manner.

8 I understand what you are saying is that you think
9 the competition is going to play a major role in making sure
10 that it is cost-efficient.

11 MR. MCGLOTHLIN: And I don't think that providing
12 that opportunity for competition interferes in your objective
13 of an orderly process.

14 CHAIRMAN CLARK: Any other questions?

15 COMMISSIONER KIESLING: I just have a comment. And
16 I don't think it will come as any surprise to anyone who was
17 on the Commission when we voted in that so-called bidding rule
18 that I agree with Mr. McGlothlin, that for there to be truly
19 competitive capacity additions that there needs to be some
20 process by which the electric companies identify a megawatt
21 need at some point in the future, but that how they meet that
22 need should be subjected to some level of competition among
23 other alternate ways to meet that capacity need.

24 And I also think that one place that we can look at
25 it is in the ten-year site plan. And it would be my request

1 that we at least not foreclose from consideration in our
2 rulemaking -- for the ten-year site plan duties which we have
3 now taken over, that we not foreclose at least some
4 consideration of whether as a policy matter we support that
5 policy; and, if we do, whether it is something that could be
6 implemented through the ten-year site plan rules.

7 Because I personally am somewhat alarmed when I see
8 the proposals that are three to five years out where there is
9 identified some capacity need and yet there is no mention of
10 any way for alternate sources to meet that capacity need to
11 even get involved with the process.

12 So that's my position. And it would be my request
13 that we at least look at in our drafting of rules some way to
14 allow for that level of competition for capacity additions
15 that are identified in the site plans.

16 COMMISSIONER DEASON: Let me say that Mr. McGlothlin
17 has pointed out that the plans basically are silent on their
18 acquisition plans. The plans identify a need of a certain
19 type of technology or a certain type of plant within a certain
20 type of time frame.

21 But just because it is silent doesn't mean the
22 companies are not anticipating going to a competitive bid. We
23 don't know one way or the other. I think what Mr. McGlothlin
24 is saying is he would like some assurance that that is what
25 the companies are contemplating, especially when the plan is

1 on such a horizon that there's going to be enough time to give
2 it ample consideration, there can be an RFP with ample time to
3 respond to that.

4 So I would anticipate, I would think that a lot of
5 these units that we don't really know yet about that the
6 utilities probably are anticipating some type of competitive
7 bid, I would like to think that they would, regardless of
8 whether it is the type plant -- obviously, if it is the type
9 of plant that has to be certified under the Power Plant Siting
10 Act, then according to our rule, they have a burden to either
11 show why it is not appropriate to bid or else they have to
12 bid.

13 For those other plants, the ones that have ample
14 planning horizon time, I would anticipate they probably are
15 planning some type of bidding process.

16 MR. MCGLOTHLIN: Commissioner Deason, without being
17 able to say definitively one way or the other, what I gleaned
18 from the presentations today, based on that, I disagree with
19 you to this extent: It's apparent to me, anyway, that the
20 idea of putting out some of these things for bids is not on
21 the front burner of some of these presenters.

22 One thing thing I do know is that the utilities
23 respond to your requirements. And again, to the extent that
24 you've embraced as a positive objective vigorous competition
25 in the generation industry, we think that ought to be

1 expressed every time you touch the planning process and in
2 your review of it, and this is one such opportunity.

3 Thank you.

4 COMMISSIONER DEASON: Well, Staff has indicated that
5 we're going to go to a rule process. I'm sure there is going
6 to be ample opportunity for interested parties to participate
7 in that rule process. And if that's something that needs to
8 be incorporated, I'm sure you will have the opportunity to
9 present that to us; and I'm sure that our Staff is going to be
10 looking at it; and I'm sure it is something we can discuss
11 again in the future and hopefully we will come to an
12 appropriate resolution.

13 MR. MCGLOTHLI: Our organization intends to
14 participate in that process to put some more flesh on this
15 concept.

16 COMMISSIONER KIESLING: I just want to say that my
17 understanding of the statutory requirements is that the
18 ten-year site plans address a certain range of things, one of
19 which is alternative sources. And to the extent that the
20 plans that we heard about today project a need and do not
21 contain anything that says how they are going to look at
22 alternatives for meeting that need, then in my mind those
23 plans do not address one of the items that the statute says
24 they are supposed to address. And that's where my concern
25 that they are silent is.

1 STATE OF FLORIDA)
2 :
3 COUNTY OF LEON)

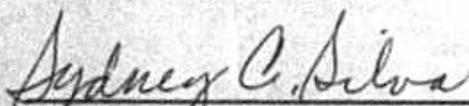
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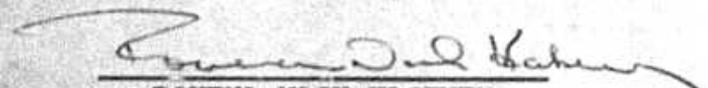
4 We, SYDNEY C. SILVA, CSR, RPR, and ROWENA NASH
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6 DO HEREBY CERTIFY that the undocketed Workshop was
7 heard by the Florida Public Service Commission at the time and
8 place herein stated; it is further

9 CERTIFIED that we stenographically reported the said
10 proceedings; that the same has been transcribed under our
11 direct supervision; and that this transcript, consisting of
12 101 pages, constitutes a true transcription of our notes of
13 said proceedings.

14 DATED this 18th day of August, 1995.

15 
16 _____
17 SYDNEY C. SILVA, CSR, RPR
18 Official Commission Reporter

19 
20 _____
21 ROWENA NASH HACKNEY
22 Official Commission Reporter