

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

ORIGINAL

IN RE: PETITION OF KISSIMMEE UTILITY
AUTHORITY AND FLORIDA MUNICIPAL
POWER AGENCY TO DETERMINE NEED
FOR PROPOSED CANE ISLAND POWER
PARK UNIT 3, AND RELATED FACILITY.

Docket No. 980802-EM

Filed: _____

**PETITION TO DETERMINE NEED
FOR ELECTRICAL POWER PLANT**

Come now Petitioners KISSIMMEE UTILITY AUTHORITY and FLORIDA MUNICIPAL POWER AGENCY, by and through their undersigned attorneys, and request that the FLORIDA PUBLIC SERVICE COMMISSION ("Commission") determine pursuant to Section 403.519, Fla. Stat., that there is a need for the proposed electrical power plant described herein and that the Commission file its report and order making that determination with the Department of Environmental Protection ("DEP") pursuant to Section 403.507(2)(a), Fla. Stat. In support thereof, Petitioners state as follows:

1. KISSIMMEE UTILITY AUTHORITY ("KUA") is a body politic, duly organized, and legally existing as part of the government of the City of Kissimmee engaged in the generation, transmission and distribution of electric power.

2. FLORIDA MUNICIPAL POWER AGENCY ("FMPA") is a joint agency formed pursuant to the Florida Interlocal Cooperation Act of 1969, Section 163.01, Fla. Stat., and exercises powers under the Joint Power Act, Chapter 361, Part II, Fla. Stat. FMPA has authority to undertake and finance electric projects and, among other things, to plan, finance, acquire, construct, own, operate, maintain, or otherwise participate jointly in this project.

3. KUA's Cane Island Power Park ("Cane Island") is located within Osceola County approximately 1 1/2 miles northwest of Intercession City. Cane Island currently includes a nominal 40 megawatt ("MW") simple cycle combustion turbine unit (Unit 1), and a nominal 120 MW combined

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cycle combustion turbine unit (Unit 2), and related off-site facilities.

4. KUA intends to contract for, on behalf of FMPA and itself, the construction of a nominal 250 MW combined cycle combustion turbine unit at Cane Island adjacent to Unit 2. This proposed unit has been designated Cane Island Power Park Unit 3. The proposed Unit 3 will include a combustion turbine generator, heat recovery steam generator and a steam turbine generator. The actual rating of the unit will depend upon the specific combustion turbine selected through competitive bidding and the size and design of the steam turbine. Unit 3 will fire natural gas as the primary fuel. No. 2 fuel will provide the secondary fuel source for Unit 3 as it does for Units 1 and 2. The proposed Unit 3 facility will occupy approximately 5 acres of the 47-acre site development area within the total 1,024-acre Cane Island Power Park site.

5. The proposed Cane Island Unit 3 and its associated facility (collectively, "the proposed electrical power plant"), a directly associated 230 kV transmission line to run from Cane Island Power Park to Florida Power Corporation's Intercession City Power Plant, are subject to the Florida Electric Power Plant Siting Act (the "Act"), Sections 403.501 to 403.518, Fla. Stat. (1997).

6. Cane Island Units 1 and 2 were not originally certified under the Act because together these units consist of less than 75 MW of steam powered electrical generation as defined in Section 403.503(12), Fla. Stat., for those power plants subject to the Act. Units 1 and 2 were duly authorized through the necessary permits issued by individual regulatory agencies. KUA and FMPA now propose to certify the existing Cane Island Units 1 and 2 described above in conjunction with the certification of proposed Unit 3.

7. Cane Island Units 1 and 2 include off-site facilities consisting of a dual circuit 230 kV transmission line which allows the 230 kV Taft-McIntosh transmission line to be looped through the Cane Island Power Park, a 230 kV transmission line from Cane Island to Clay Street Substation, and

a natural gas pipeline to FGT's natural gas pipeline system. Certification is not being sought for these existing off-site facilities.

8. This Petition, and accompanying documents for the proposed Cane Island Unit 3 and existing Units 1 and 2, will be submitted to the Florida Department of Environmental Protection (DEP) as a Site Certification Application pursuant to Sections 403.506 and 403.5175, Fla. Stat.

9. Pursuant to the Act, and to PSC Rules 25-22.080 through 25-22.081, Fla. Admin. Code, promulgated pursuant thereto, the Commission has jurisdiction to determine the need for the proposed electrical power plant, applying the standards set forth in Section 403.519, Fla. Stat.

10. As authorized by Rule 25-22.080(1), Fla. Admin. Code, Petitioners have elected to commence this proceeding for determination of need prior to filing the Site Certification Application with the Department, for the proposed addition of Unit 3 to Cane Island and for existing Units 1 and 2.

11. Rule 25-22.081, Fla. Admin. Code, establishes the information required by the Commission to support this Petition. This information, which comprises Section 1.0 of the Site Certification Application, is attached in three volumes: (a) Volume 1A addresses the information common to KUA and FMFA; (b) Volume 1B is specific to KUA; and (c) Volume 1C is specific to FMFA. Volumes 2 and 3 are the remainder of the Joint Site Certification Application, which will be filed with the DEP.

12. As demonstrated in Volumes 1B and 1C, Cane Island Unit 3 is needed for KUA and FMFA's electric system reliability and integrity in 2001 when their reserve margins would drop to a -12.3 and 7.4 percent, respectively, without the addition of Cane Island Unit 3.

13. As demonstrated in Volume 1A, the F class technology used in Cane Island Unit 3 is the most efficient technology that is in reliable commercial operation and coupled with the projected low

cost of natural gas, will provide adequate electricity at a reasonable cost to KUA, FMPA, and Peninsular Florida.

14. As demonstrated in Volumes 1B and 1C, Cane Island Unit 3 is the least cost alternative available to KUA and FMPA after considering purchase power proposals from an extensive request for proposals (RFP) process and considering ten (10) different self-build generating unit alternatives.

15. As demonstrated in Volume 1A, over 60 conservation measures were evaluated, but none were found to be cost effective when compared to the low cost of Cane Island Unit 3 as proposed .

16. The foregoing information, including the attached Volumes 1A, 1B and 1C, along with Volumes 2 and 3, demonstrate that the proposed Cane Island Unit 3, its associated facility, and existing Units 1 and 2, merit certification under the provisions of Sections 403.501 to 403.518, Fla. Stat., for construction and operation of an electrical power plant.

WHEREFORE, KUA and FMPA respectfully request that:

(1) Pursuant to Rule 25-22.080(2), Fla. Admin. Code, the Commission set a date for a hearing on this Petition, not more than ninety (90) days after the date of the filing of this Petition:

(2) The Commission give notice of the commencement of the proceeding as required by Rule 25-22.080(3), Fla. Admin. Code;


(3) The Commission submit a preliminary statement of issues to DEP pursuant to Section 403.507(1), Fla. Stat.; and

(4) The Commission determine that there is need for the proposed electrical power plant described in this Petition, and file its report, including an order making such determination, with the DEP pursuant to Section 403.507(2)(a)2., Fla. Stat.

RESPECTFULLY SUBMITTED this 1 day of July, 1998.

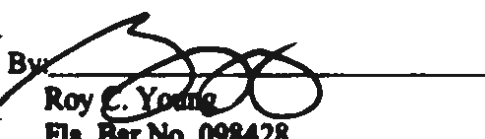
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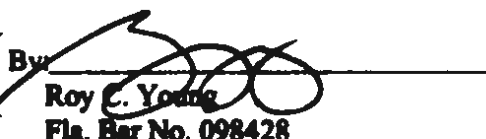
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