

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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RECORDS AND REPORTING

In Re: Petition for Determination)
of Need for an Electrical Power)
Plant in Okeechobee County by)
Okeechobee Generating Company,)
L.L.C.)

DOCKET NO. 991462-EU
FEBRUARY 25, 2000

OKEECHOBEE GENERATING COMPANY'S
PREHEARING STATEMENT OF ISSUES AND POSITIONS

Okeechobee Generating Company, L.L.C., ("OGC") pursuant to the Order Establishing Procedure in this docket, as amended by the Order Revising Procedural Schedule and Certain Procedural Guidelines, Order No. PSC-00-0290-PCO-EU, issued February 11, 2000, and Uniform Rule 28-106.211, Florida Administrative Code, hereby files its Prehearing Statement of Issues and Positions.

<u>A. WITNESSES.</u>	<u>GENERAL SUBJECT MATTER.</u>
1. Sean J. Finnerty	General Description of the Project and the Applicant
2. William F. Sullivan, Jr., P.E.	Project Engineering
3. George A. Lehner	Project Engineering
4. Ronald L. Vaden	Need
5. Dale M. Nesbitt, Ph.D.	Project Economics and Need
6. Gerard J. Kordecki	Need and Benefits to Ratepayers
7. Roger E. Clayton, P.E.	Project Transmission Issues

AFA _____
 APP _____
 CAP _____
 COM _____
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 OPC _____
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 WAW _____
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|----|----------------------|--------------------------|
| 8. | Bevin Hong | Project Fuel Supply |
| 9. | Frederick M. Sellars | Environmental
Matters |

Intervenor testimony, with the exception of intervenor testimony related to the prefiled direct testimony of OGC witness Dale M. Nesbitt, was filed on February 18, 2000. Intervenor testimony related to the prefiled direct testimony of OGC witness Dale M. Nesbitt is not due to be filed until March 7, 2000. OGC's rebuttal testimony to the testimony of FPL filed on February 18, 2000 is due on March 3, 2000, and OGC's rebuttal testimony to any testimony filed on March 7, 2000, is due on March 15, 2000. At this time, OGC expects to file rebuttal testimony of Mr. Gerard J. Kordecki and Dr. Dale M. Nesbitt in response to FPL's testimony filed on February 18, and to file rebuttal testimony of Dr. Nesbitt in response to testimony that OGC expects (based on conversations with FPL's and FPC's counsel) will be filed on March 7, 2000. OGC also expects to depose FPL's and FPC's witnesses, and OGC reserves the right to use those depositions, either in whole or in part, as evidence at hearing (as well as for other purposes provided for under the Florida Rules of Civil Procedure).

B. EXHIBITS.

Witness Sponsoring Exhibits

Sean J. Finnerty SJF-1: Employment and education history.

SJF-2: Portfolio of PG&E Generating facilities.

SJF-3: OGC's market-based rate tariff issued by FERC.

SJF-4: Order confirming OGC's EWG status issued by FERC.

SJF-5: Excerpt from PSC documents depicting declining trends in Peninsular Florida's reserve margins.

William F. Sullivan, Jr., P.E.

WFS-1: William F. Sullivan's resume' and work experience summary.

WFS-2: Okeechobee Generating Project Site Plan.

WFS-3: Okeechobee Generating Project Plot Plan.

WFS-4: Plant Performance Table.

WFS-5: Design Basis.

WFS-6: Process Flow Schematic.

WFS-7: Preliminary Water Balance.

WFS-8: One-line Electrical Diagram.

WFS-9: Project Engineering, Procurement and Construction Schedule.

WFS-10: Okeechobee Generating Project Site Location Relative to Local Landmarks and Zoning Designations.

George A. Lehner GAL-1: Resume' of George A. Lehner.

Ronald L. Vaden None

Dale M. Nesbitt, Ph.D.

DMN-1: Altos North American Electric Model.

DMN-2: Altos North American Electric Model with Expanded FRCC Representation.

DMN-3: Regional Structure of the Altos FRCC Model.

DMN-4: North American Regional Gas Model (NARG).

DMN-5: FRCC 2003 Supply Stack (Incl. Demand Range).

DMN-6: FRCC Load Duration Curves.

DMN-7: Disaggregate Each Month into Ten Load Tranches.

DMN-8: Discretized Load Duration Curve Gives Ten Market Clearing Prices.

DMN-9: Price Depression in FPLE Caused by Entry of Okeechobee.

DMN-10: Price Reduction and Economic Benefits of Okeechobee Project.

DMN-11: 2003 Regional Prices Around the FRCC Projected by NARE.

DMN-12: FRCC 2003 Price Reductions Due to the Okeechobee Project.

DMN-13: Comparative Prices Around FRCC in August 2003.

DMN-14: Comparative Prices Around FRCC in January 2003.

DMN-15: Sources and Dispositions of Energy in August 2003 in FPLE.

DMN-16: Sources and Disposition of Energy in January 2003 in FPLE.

DMN-17: Sources and Dispositions in FPLS in August 2003.

DMN-18: Sources and Uses in FPLS in January 2003.

DMN-19: Sources and Dispositions in FPLW in August 2003.

DMN-20: Sources and Destinations in FPLW in January 2003.

DMN-21: The Marginal Plant is Actually a Spectrum of Plants.

DMN-22: Energy Displaced by Okeechobee.

DMN-23: GWH of Energy Displaced by Okeechobee.

Gerard J. Kordecki None

Roger E. Clayton, P.E.

REC-1: Resume' of Roger E. Clayton, P.E.

REC-2: PG&E Generating Company, Okeechobee System Impact Study.

REC-3: Okeechobee Generating Project - Interconnection Studies.

REC-4: Okeechobee Generating Project - Regional Transmission Map.

REC-5: PG&E Generating Data and Information Request to Florida Power & Light Company.

REC-6: FP&L's Response to PG&E's Data Request.

Bevin Hong, Jr. BH-1: Resume' of Bevin Hong, Jr.
 BH-2: Precedent Agreement.
 BH-3: Gulfstream report on status of
 permitting.
 BH-4: Gulfstream Pipeline Maps.

Frederick M. Sellars
 FMS-1: Resume' of Frederick M. Sellars.
 FMS-2: Environmental Licensing Schedule.

The above is a listing of all exhibits known at this time. OGC may introduce additional exhibits, not identified herein, in its cross-examination of the Intervenor's witnesses. OGC may also move the Florida Public Service Commission ("PSC" or "Commission") for leave to introduce additional exhibits identified during the course of the depositions that are expected to be taken over the next several weeks.

C. STATEMENT OF BASIC POSITION.

The Commission should issue its order granting the determination of need sought by Okeechobee Generating Company, L.L.C. for the Okeechobee Generating Project ("Project"). The Project is a state-of-the-art, natural gas-fired, combined cycle power plant, with No. 2 fuel oil on-site as backup fuel, that will contribute meaningfully to the needs of OGC and electric customers in Peninsular Florida for system reliability and integrity and for adequate electricity at a reasonable cost. The Project is the most

cost-effective alternative available for OGC and for Florida electric customers, because such customers will only pay for power purchased from the Project by their retail-serving utilities and because those retail-serving utilities will only make such purchases when they are cost-effective as compared to other power supply options. Moreover, no retail-serving utilities are required to buy power from the Project, and no Florida electric customers are subject to being required to pay for the Project's capital or operating costs. OGC is assuming all business and operating risk associated with the Project, thereby providing this cost-effective power supply resource to retail-serving utilities in Peninsular Florida, for resale to their customers, at no risk either to those utilities or to their customers. Delaying the construction and operation of the Project would adversely affect the reliability of the Peninsular Florida bulk power supply system, would adversely affect the availability of adequate electricity at a reasonable cost in Peninsular Florida, and would adversely affect the environment of Florida.

D. ISSUES OF FACT.

ISSUE 1: Is there a need for the Okeechobee Generating Project taking into account the need for electric system reliability and integrity, as this criterion is used in Section 403.519, Florida Statutes?

OGC: Yes. The proposed Project will contribute to the reliability of Florida customers' electric service

without requiring them to assume responsibility for the investment risk of the Project.

Finnerty, Lehner, Vaden, Nesbitt, Kordecki

ISSUE 2: Is there a need for the Okeechobee Generating Project taking into account the need for adequate electricity at a reasonable cost, as this criterion is used in Section 403.519, Florida Statutes?

OGC: Yes. The Okeechobee Generating Project will help meet the need for adequate electricity at a reasonable cost without requiring any utility or utility customer to bear the risk of the Project. As a result, customers can only benefit as a result of the Commission's granting the determination of need.

Finnerty, Lehner, Vaden, Nesbitt

ISSUE 3: Is the Okeechobee Generating Project the most cost-effective alternative available, as this criterion is used in Section 403.519, Florida Statutes?

OGC: Yes.

Finnerty, Sullivan, Lehner, Nesbitt, Kordecki

ISSUE 4: Are there any conservation measures taken by or reasonably available to the petitioner which might mitigate the need for the proposed power plant?

OGC: No. There are no additional conservation measures reasonably available to the Joint petitioners that would mitigate the need for the proposed power plant.

Finnerty.

ISSUE 5: Does the Commission have sufficient information to assess the need for the proposed power plant under the criteria set forth in Section 403.519, Florida Statutes?

OGC: Yes.

Finnerty, Sullivan, Lehner, Vaden, Nesbitt,
Kordecki, Clayton, Hong, Sellars

ISSUE 6: Does the Petition for Determination of Need meet the pleading requirements of Rule 25-22.081, Florida Administrative Code?

OGC: Yes.

Finnerty, Sullivan, Lehner, Vaden, Nesbitt,
Kordecki, Clayton, Hong, Sellars

ISSUE 7: Has Okeechobee Generating Company provided adequate assurances regarding available primary and secondary fuel to serve the proposed power plant on a long- and short-term basis?

OGC: Yes.

Finnerty, Hong

ISSUE 8: What impact, if any, will the proposed Okeechobee Generating Project have on natural gas supply or transportation resources in Peninsular Florida?

OGC: The Project's construction and operation will enhance gas supply and transportation resources of the State. When the Project is operating, it will displace less efficient generation, resulting in more efficient use of both generation and gas transportation (transmission) resources in Florida. In addition, the Project will be a significant customer contributing to the construction of a second major trans-Florida natural gas pipeline.

Hong

ISSUE 9: Can the existing Peninsular Florida transmission system accommodate power deliveries from the Okeechobee Generating Project to other utilities in Peninsular Florida?

OGC: Yes.

Clayton

ISSUE 10: Are there likely to be adverse consequences to Peninsular Florida if the Okeechobee Generating Project is not constructed and brought into commercial operation in the amount and time sought?

OGC: Yes. Delaying the construction and operation of the Project will result in lower reserve margins for Peninsular Florida and increase the probability that the power supply resources available to Peninsular Florida will be insufficient to maintain reliable service. Delaying the Project will also delay the availability of cost-effective power to Peninsular Florida and will deprive the State of the environmental benefits of the Project's operations.

Finnerty, Nesbitt, Kordecki

ISSUE 11: Based on the resolution of the foregoing issues, should the petition of Okeechobee Generating Company for determination of need for the Okeechobee Generating Project be granted?

OGC: Yes.

Finnerty, Sullivan, Lehner, Vaden, Nesbitt, Kordecki, Clayton, Hong, Sellars

E. POLICY ISSUES.

ISSUE 12: Would granting the determination of need for the Okeechobee Generating Project be consistent with the public interest and the best interests of electric customers in Florida?

OGC: Yes. The Project will enhance electric system reliability, provide adequate electricity at a reasonable cost without economic risk to ratepayers, and improve the overall environmental profile of electricity generation in Florida.

Finnerty, Vaden, Nesbitt, Kordecki, Sellars

ISSUE 13: Would granting the determination of need requested by the petitioner be consistent with the State's

need for a robust, competitive wholesale power supply market?

OGC: Yes.

Finnerty, Vaden, Nesbitt, Kordecki

F. STIPULATED ISSUES.

OGC is not aware of any stipulated issues at this time.

G. PENDING MOTIONS.

At this time, OGC is aware of the following pending motions:

FPL's Motion for Protective Order Regarding OGC's Interrogatory number 54, filed on December 6, 1999.

OGC's Motion to Compel FPC to Respond to Discovery Requests, filed on February 4, 2000.

OGC's Motion to Compel TECO to Respond to Discovery Requests, filed on February 4, 2000.

OGC's Motion to Compel FPL to Respond to Discovery Requests, filed on February 4, 2000.

FPC's Joinder in FPL's Motion for Reconsideration of Portions of Order PSC-00-0291-PCO-EU, filed on February 21, 2000.

FPL's Motion for Reconsideration of Portions of Order PSC-00-0291-PCO-EU, filed on February 21, 2000.

Intervenor Florida Power Corporation's Motion to Strike Portions of the Prefiled Testimony of Gerard J. Kordecki and Sean J. Finnerty

In addition, OGC is aware of the following pending motions which appear to be moot:

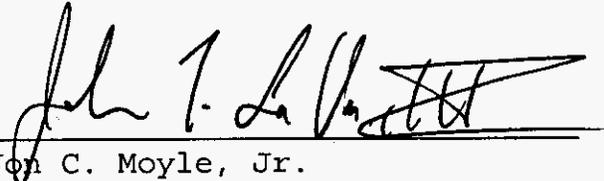
OGC's Motion To Establish Hearing Dates and Revised Procedural Schedule, filed on December 23, 1999.

FPC's Agreed Motion For Extension of Time to Respond to OGC's First Motion for Protective Order and Motion to Establish Hearing Dates and Revised Procedural Schedule, filed on December 29, 1999.

FPC's Motion for Enlargement of Time to Respond to OGC's Motion to Compel, filed on February 11, 2000.

FPL's Motion for Enlargement of Time to Respond to OGC's Motion to Compel, filed on February 11, 2000.

Respectfully submitted this 25th day of February, 2000.



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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by hand delivery (*) or U.S. Mail, on this 25th day of February, 2000, to the following:

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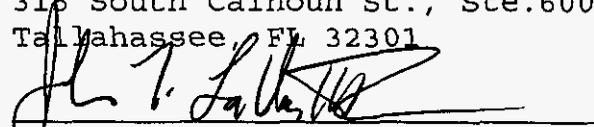
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