

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**ORIGINAL**

In re: Petition for Determination )  
of Need of Hines Unit 2 Power )  
Plant )  
\_\_\_\_\_)

DOCKET NO. 001064-EI

Submitted for filing: August 7, 2000

**CONFIDENTIAL**

**SUPPLEMENTAL TESTIMONY  
OF ALAN S. TAYLOR**

**ON BEHALF OF  
FLORIDA POWER CORPORATION**

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DOCUMENT NUMBER-DATE

09531 AUG-78

FILED BY RECORDS/REGISTRATION

1 INTRODUCTION AND QUALIFICATIONS

2

3 **Q. Please state your name and business address.**

4 A. My name is Alan S. Taylor. My business address is PHB Hagler Bailly, Inc.  
5 (Hagler Bailly), 1881 Ninth Street, Suite 302, Boulder, Colorado 80302.

6

7 **Q. Are you the same Alan S. Taylor who filed public direct testimony in this**  
8 **proceeding?**

9 A. Yes. This supplemental testimony contains information that supports my public  
10 direct testimony but which I believed would be better provided in a confidential  
11 fashion.

12

13 **Q. What is the purpose of your confidential supplemental testimony?**

14 A. The purpose of my confidential supplemental testimony is to provide specific  
15 information concerning the responses to FPC's resource solicitation and the results  
16 of FPC's analysis.

17

18 **Q. Please describe in general terms the proposals that were ultimately submitted**  
19 **in response to the RFP.**

20 A. There were two proposals submitted. The [REDACTED] proposal was for [REDACTED]  
21 [REDACTED]  
22 [REDACTED]  
23 [REDACTED]

1

[REDACTED]

2

[REDACTED]

3

[REDACTED]

4

5 **Q. What steps were taken subsequent to receipt of the proposals to ensure fair**  
6 **consideration of the bids?**

7 A. Once FPC had reviewed the bids, FPC staff held one-on-one meetings with the  
8 bidders in order to fully understand the proposals and to offer the bidders  
9 opportunities to clarify and/or revise the proposals and certain important particulars  
10 to better address FPC's needs and the requirements of the RFP. At these meetings  
11 and in earlier written communications, [REDACTED]

12

[REDACTED]

13

[REDACTED]

14

[REDACTED]

15

16 **Q. Please describe the methodology by which FPC evaluated the submitted**  
17 **proposals.**

18 A. As described in my public direct testimony, FPC utilized New Energy Associates's  
19 PROVIEW resource optimization model to initially evaluate each of the proposals  
20 and their variants. [REDACTED]

21

[REDACTED]

22

[REDACTED]

23

[REDACTED]

1

[REDACTED]

2

[REDACTED]

3

[REDACTED]

4

5

FPC utilized the PROVIEW results to narrow the field of contending proposals or

6

variants of proposals. In order to provide added validity to the analysis, a more

7

detailed utility-system simulation model, known as PROSYM, was then utilized to

8

evaluate the remaining proposal variants. The PROSYM runs determined total

9

system costs under four unique scenarios defined by which proposed resource was

10

included in the mix:

11

12

(1) the 530 MW Hines 2 unit;

13

(2) [REDACTED]

14

(3) [REDACTED]

15

(4) [REDACTED]

16

17

In short, the Hines 2 unit and [REDACTED] were carried over for evaluation in

18

the PROSYM modeling stage. [REDACTED] was retained for

19

further modeling analysis since this was shown to be the least-cost alternative

20

among the [REDACTED] in the PROVIEW analysis.

21

1 In all [REDACTED] scenarios, each proposal was evaluated in the best light in that the optimal  
2 long-term generation expansion plan that was developed in the PROVIEW  
3 evaluation was incorporated into the PROSYM runs.

4 These results were then incorporated into a proforma spreadsheet analysis that  
5 determined the anticipated total annual revenue requirements for each resource  
6 scenario for each year through 2028.

7  
8 **Q. What were the results of the modeling and proforma analysis?**

9 A. The analysis showed that under the base case Hines 2 was the lowest-cost alternative  
10 from 2003, the first year the units would come on line, continuously through to the  
11 end of the planning period in 2028. Relative to Hines 2, [REDACTED]

12 [REDACTED]  
13 [REDACTED]  
14 [REDACTED]  
15 [REDACTED]

16  
17 As discussed in my public direct testimony, FPC conducted three sensitivity  
18 analyses on each of the four resource scenarios. These sensitivities included a high-  
19 fuel case, a low-fuel case, and a case referred to as "Gulfstream" that represented a  
20 scenario in which the proposed Gulfstream gas pipeline was developed. Results  
21 from the sensitivity analyses were similar to those of the base case analysis, with  
22 Hines 2 clearly the least-cost option. Relative to the base case, the difference in the  
23 present value of total costs between the [REDACTED] and Hines 2 increased

1 slightly in all sensitivity cases. The [REDACTED] were more expensive than  
2 Hines 2 in all of the sensitivity cases. [REDACTED]

3 [REDACTED]  
4 [REDACTED]  
5 [REDACTED]  
6 [REDACTED]

7

8 **Q. What do you conclude from this analysis?**

9 A. I conclude that the Hines 2 resource represents the least-cost resource for FPC's  
10 ratepayers under a reasonable variety of scenarios.

11

12 **Q. Does this complete your confidential supplemental testimony?**

13 A. Yes, it does.