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Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
4075 Esplanade Way, Room 110
Tallahassee, FL 32399-0850

In re: Need Determination for the Osprey Energy Center in Polk County by Seminole Electric Cooperative, Inc. and Calpine Construction Finance Company, L.P.
Docket No. 001748-EC

Dear Ms. Bayo:

Enclosed please find the original and 15 copies of the Amended Direct Testimony and Exhibits of Timothy R. Eves on behalf of Calpine Construction Finance Company, L.P. in the above-referenced case.

If you or your staff have any questions, please feel free to call. Thank you for your assistance.

Sincerely,

John T. LaVia, III

Enclosures

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for Determination of Need for the Osprey Energy Center in Polk County by Seminole Electric Cooperative, Inc. and Calpine Construction Finance Company, L.P.	)	DOCKET NO. 001748-EC
	)	FILED: January 12, 2001

AMENDED DIRECT TESTIMONY AND EXHIBITS

OF

TIMOTHY R. EVES

ON BEHALF OF

CALPINE CONSTRUCTION FINANCE COMPANY, L.P.

IN RE: JOINT PETITION FOR DETERMINATION OF NEED FOR THE OSPREY ENERGY CENTER IN POLK COUNTY BY SEMINOLE ELECTRIC COOPERATIVE, INC. AND CALPINE CONSTRUCTION FINANCE COMPANY, L.P.

AMENDED DIRECT TESTIMONY OF TIMOTHY R. EVES

Q: Please state your name and business address.

A: My name is Timothy R. Eves, and my business address is Two Urban Centre, 4890 West Kennedy Boulevard, Suite 600, Tampa, Florida 33609.

Q: By whom are you employed and in what position?

A: I am employed by Calpine Eastern Corporation ("Calpine Eastern"), as Director of Business Development for Florida.

Q: Please describe your duties with Calpine Eastern.

A: In my capacity as Director of Business Development for Florida, I am responsible for managing all of Calpine Eastern's development activities in Florida, including, among other things, coordinating regulatory matters and permitting activities for Calpine Eastern's Florida projects; participating directly in Calpine Eastern's marketing activities for the Osprey Energy Center (the "Osprey Project" or the "Project") and the Blue Heron Energy Center; and managing all aspects of the development of the Osprey Project.

AMENDED DIRECT TESTIMONY OF TIMOTHY R. EVES

QUALIFICATIONS AND EXPERIENCE

Q: Please summarize your educational background.

A: I received a Bachelor of Mechanical Engineering degree from the University of Detroit in 1979, a Master of Business Administration degree from Widener University in 1983, and a Juris Doctor degree from the University of Miami in 1988.

Q: Please summarize your employment history and work experience.

A: I have 21 years of experience in the electric power industry, 19 years of which I worked for Westinghouse Electric Corporation, and the remaining 2 years with BBI Power Corporation and Calpine Eastern. I began my career in 1979 as an Assistant Sales Engineer with Westinghouse Electric Corporation where I sold electrical equipment to architect/engineering firms for application on utility projects. From there I held marketing positions of increasing responsibility before being appointed Westinghouse's Manager of Customer Program Integration in July 1989. In this position, I managed a marketing group responsible for the coordination and sale of integrated generating plant services and modernization services to electric utilities. In December 1991, I was appointed the Regional Marketing Manager responsible for the sale of new unit power generation equipment and engineering, procurement, and construction services to

developers, utilities and architect/engineers in diverse markets across the United States and Latin America. I was appointed Director of International Marketing in January 1996, in which position I was responsible for managing the department responsible for selling new power generation equipment and engineering, procurement, and construction services to power plant developers, utilities, industrial users, and architect/engineers for projects located in Eastern Europe, the Middle East, and the Indian subcontinent. For most of my career with Westinghouse, I worked in Florida, where I had regular contact with various Florida utilities.

In June 1998, I began my employment with BBI Power Corporation as Senior Vice President with responsibilities for worldwide project development activities. My responsibilities included: project development, joint partner identification and negotiation of joint development agreements, determination of plant configuration, and financial analyses. I also negotiated purchased power and steam supply contracts, engineering-procurement-construction contracts, and conducted permitting and financing activities for various projects. My project development activities covered the Indian subcontinent, Eastern Europe, the Middle East, the Caribbean, and the United States with respect to developing natural gas and oil-fired combustion turbine units, coal-fired steam units, and biomass plants.

In October 1999, I accepted my current position with

Calpine Eastern Corporation as Director of Business Development. In this position, I am responsible for all of Calpine Eastern's development activities in Florida, including regulatory matters, permitting, and marketing activities for Calpine Eastern's Florida projects.

Q: What are your responsibilities with respect to the Osprey Energy Center?

A: As Director of Business Development for Florida, my responsibilities with respect to the Osprey Project include coordinating the regulatory and business activities relating to the permitting and construction of the Project, including coordination with our partner, Seminole Electric Cooperative, Inc. ("Seminole"). My responsibilities encompass coordination and oversight of several elements of power generation project development, including evaluating and selecting development opportunities, project design and engineering, negotiating power sales agreements, acquiring necessary land rights, permits and fuel resources, obtaining financing, and managing construction.

SUMMARY AND PURPOSE OF TESTIMONY

Q: What is the purpose of your testimony?

A: I am testifying on behalf of Calpine Construction Finance

Company, L.P. ("Calpine"), one of the joint applicants for the Florida Public Service Commission's ("Commission") determination of need for the Osprey Energy Center. My testimony describes Calpine and the relationship between Calpine, Calpine Eastern, their parent, Calpine Corporation, Inc., a Delaware corporation headquartered in San Jose, California, and other Calpine affiliates involved with the Osprey Project including Calpine Energy Services, L.P., and Calpine East Fuels, L.L.C. My testimony also addresses the Osprey Project, the Power Purchase Agreement ("PPA") between Calpine and Seminole for the purchase of firm capacity and associated energy from the Osprey Project, Calpine's need for the Project to meet its obligations to Seminole, the cost-effectiveness of the Project to Calpine, the economic viability of the Project, potential generating and non-generating alternatives to the Project considered by Calpine, and the action that Calpine and Seminole are asking the Commission to take in this proceeding.

Q: Please summarize your testimony.

A: Calpine Construction Finance Company, L.P., and Seminole Electric Cooperative, Inc. are petitioning the Commission for an affirmative determination of need for the Osprey Energy Center, a 529 MW natural gas-fired, combined cycle power plant

to be located in the City of Auburndale, in Polk County, Florida.

The Osprey Project utilizes state-of-the-art technology, with proven reliability, high efficiency, and a very benign environmental profile. The Project will provide a clean and cost-effective power supply resource to Seminole to meet the growing demands of Seminole's Member cooperative utilities and those utilities' member-consumers. In contrast to rate-based facilities, Calpine will bear all of the capital investment and operating risks associated with the Project, while Seminole, its Member cooperatives, and their member-consumers bear none.

The Project is the most cost-effective alternative available to Calpine and, because of its very high efficiency, the Project is expected to be economically viable for its entire useful life.

Q: Are you sponsoring any exhibits to your testimony?

A: Yes. I am sponsoring the following exhibits.

TRE-1. Calpine Construction Finance Company, L.P., Ownership Structure.

TRE-2. Calpine Corporation Generation Portfolio.

TRE-3. Order of the Federal Energy Regulatory Commission ("FERC") approving Calpine's market-based rate tariff.

TRE-4. Osprey Energy Center, Generating Alternatives Evaluated.

TRE-5. Osprey Energy Center, Cost-Effectiveness Analyses of Alternative Generation Technologies.

I am also sponsoring Figures II-1 and II-2, Tables II-1, II-13, II-20, II-21, and parts of Table II-2 (relating to the cost, economic life, and status of the Project) in Volume II of the Amended Exhibits filed in support of Calpine's Amended Joint Petition for determination of need for the Project. I am also sponsoring the text relating to the subject matter of these figures and tables contained within the Executive Summary, Introduction, and Sections II.A, II.C, II.D, II.E, II.F, and III.F of the Amended Exhibits. I am also sponsoring Appendix II-A to the Amended Exhibits.

CALPINE CONSTRUCTION FINANCE COMPANY, L.P., CALPINE EASTERN CORPORATION, AND CALPINE CORPORATION, INC.

Q: Please describe Calpine Construction Finance Company, L.P., and its business.

A: Calpine is a limited partnership organized and existing under the laws of the State of Delaware. Calpine is a wholly-owned subsidiary of Calpine Corporation, Inc. ("Calpine Corporation"), a Delaware corporation headquartered in San Jose, California. Exhibit _____ (TRE-1) illustrates the ownership structure relationships of Calpine, Calpine Eastern,

and Calpine Corporation.

Calpine is in the business of developing competitive wholesale power plants and acquiring electrical generating facilities for operation as competitive wholesale power plants. Calpine's basic business strategy is to provide clean, efficient, cost-effective wholesale power to other utilities. Competitive wholesale power plants are operated to sell power to other utilities at wholesale at voluntarily negotiated rates, with Calpine taking all financial and operating risk associated with the plants. With respect to the Osprey Project, Calpine, through its affiliate Calpine Energy Services, L.P. ("Calpine Energy Services"), has entered into the PPA pursuant to which Calpine will sell and Seminole will buy 350 MW of firm capacity from the Project from June 1, 2004 through May 22, 2020, subject to periodic "reopener" provisions in the PPA. Calpine will have a contractual arrangement with Calpine Energy Services pursuant to which Calpine Energy Services will provide fuel to the Project and will receive all of the electric capacity and energy from the Project, which it will then use to meet its contractual obligations to Seminole. Also pursuant to the PPA, Calpine has committed to Seminole and Seminole has the right to purchase up to all of the Project's capacity and all of the energy output of the Project for the term of the PPA; this includes Seminole's option to purchase the entire capacity of the Project from the Project's

commercial operation date (projected to be June 2003) through May 31, 2004, and Seminole's option to purchase the balance of the Project's capacity, i.e., the capacity above the 350 MW of capacity already committed to Seminole on a firm basis, from June 1, 2004 through May 22, 2020, to the extent that that additional capacity has not been firmly committed to other Florida load-serving utilities at the time that Seminole wishes to exercise these options.

Q: Please describe Calpine Corporation and its business.

A: Calpine Corporation is a leading independent power company engaged in the development, acquisition, ownership, and operation of power generation facilities and the sale of electricity predominantly in the United States. Calpine Corporation has experienced significant growth in all aspects of our business over the last five years. Calpine Corporation and its subsidiaries have ownership interests in 47 operating power plants with total generating capacity of 5,318.5 MW, in 18 power plants under construction with total generating capacity of 11,428.2 MW, and in 13 power plants under development with total generating capacity of 8,006 MW.

Calpine Corporation is financially strong and sound, with market capitalization near $10 billion and an investment grade bond rating.

Calpine Corporation's development of power generation projects involves numerous elements, including evaluating and selecting development opportunities, designing and engineering the projects, negotiating power sales agreements, acquiring necessary land rights, permits and fuel resources, obtaining financing, and managing construction.

In May 1999, Calpine Corporation completed the acquisitions from Pacific Gas & Electric Company of 14 geothermal power plans at The Geysers in Northern California, with a combined capacity of approximately 700 megawatts ("MW"). With these acquisitions Calpine Corporation now owns and operates 850 MW of geothermal generating capacity and is the nation's largest geothermal power producer.

Q: Please describe Calpine Eastern Corporation and the relationship between Calpine, Calpine Eastern, and Calpine Corporation.

A: Calpine Eastern Corporation is one of three regional Calpine Corporation subsidiaries that have responsibility for developing, acquiring, and operating the power plants owned by Calpine Corporation and its subsidiaries and for marketing the output of those plants. Calpine Eastern has responsibility for: (1) developing power plants all the way through the various permitting processes and construction phase and into

commercial operation; (2) overseeing the marketing of the power plants' output; and (3) operating, maintaining, and optimizing the power plants' operations over their lives. Calpine (i.e., Calpine Construction Finance Company, L.P.) provides the financing for the projects and owns them upon completion, and, as such, the development of the projects is completed in the name of Calpine. Calpine Corporation is the parent of both Calpine and Calpine Eastern.

Q: What existing power plants do Calpine Corporation and its subsidiaries have ownership interests in?

A: Calpine Corporation and its subsidiaries have ownership interests in 47 existing power generation facilities with a current aggregate capacity of approximately 5,318.5 MW, consisting of 28 gas-fired generation plants with a total capacity of 4,468.5 MW and 19 geothermal power generating facilities with a total capacity of 850 MW. Calpine Corporation's ownership interests, through various wholly-owned subsidiaries, in these plants total 4,421.6 MW, including 3,571.6 MW of gas-fired capacity and 850 MW of geothermal capacity. These existing power plants are located in California, New York, Texas, Florida, Massachusetts, New Jersey, Pennsylvania, Virginia, Illinois, Oklahoma and Washington. Exhibit _____ (TRE-2) presents Calpine

Corporation's generation portfolio.

Q: Do any subsidiaries or affiliates of Calpine Corporation presently own and operate any electrical power plants in Florida?

A: Yes. Calpine Corporation, through wholly owned subsidiaries, owns the entire ownership interest in the Auburndale Power Plant, a 150 MW cogeneration power plant located in Auburndale, Florida adjacent to the Osprey Project site. Most of the output from the Auburndale Power Plant is sold to Florida Power Corporation pursuant to a long-term negotiated contract, and most of the remainder is presently sold to Tampa Electric Company pursuant to a negotiated contract, with the balance sold on a daily basis into the wholesale market.

Q: What other projects do Calpine and its subsidiaries currently have under construction and development?

A: Calpine Corporation's subsidiaries, including Calpine Construction Finance Company, currently have eighteen gas-fired projects under construction with total capacity of 11,428.2 MW; Calpine Corporation's ultimate ownership share in these plants will be 9,891.3 MW. Upon completion of the projects under construction, Calpine Corporation will have interests in 65 power plants located in 18 states. Approximately 90 percent of

these plants' generating capacity will be gas-fired and approximately 10 percent will utilize geothermal technology. The power plants under construction are located in Alabama, Missouri, Texas, Oklahoma, California, Louisiana, Maine, Oregon, Arizona, Maine, and Pennsylvania.

Calpine Corporation's subsidiaries, including Calpine Construction Finance Company, have also formally announced plans to develop, and have commenced development of, an additional thirteen gas-fired power plants with a total capacity of 8,006 megawatts; Calpine Corporation's ultimate ownership share of these projects will be 7,484 megawatts. The power plants under development are located in California, Florida, Mississippi, Alabama, New York, Arizona, Ohio, Tennessee, Connecticut, and Alberta, Canada.

Q: Please describe the ownership status of Calpine Construction Finance Company, L.P.

A: Calpine is owned by its investors, and Calpine will own the power generation facilities, i.e., the Osprey Energy Center and the Blue Heron Energy Center identified in Calpine's 2000 Ten-Year Site Plan.

Q: Under what authority will Calpine sell the Osprey Project's output?

A: Calpine will market the Project's capacity and associated energy to other utilities and power marketers under negotiated arrangements entered into pursuant to Calpine's Rate Schedule No. 1 approved by the FERC. The FERC's order approving this market-based rate tariff is included as Exhibit _____ (TRE-3) to my testimony. That rate schedule, which applies to all sales by Calpine, provides that Calpine may enter into agreements with willing wholesale purchasers of energy and capacity provided by the Project.

Q: Has Calpine previously filed a ten-year site plan with the Commission?

A: Yes. Calpine filed a ten-year site plan in the spring of 2000.

Q: What experience do Calpine Corporation and its subsidiaries have in operating electrical power plants?

A: Calpine Corporation and its subsidiaries presently operate the vast majority of the 47 existing power plants in which Calpine Corporation holds ownership interests, including the 150 MW Auburndale Power Plant. By the end of 2002, Calpine Corporation's subsidiaries are projected to be operating more than 13,000 MW of generating capacity in which Calpine

Corporation will have an ownership interest. Such services include the operation of power plants, geothermal steam fields, wells and well pumps, gas fields, gathering systems, and gas pipelines. Calpine Corporation's subsidiaries also supervise maintenance, materials purchasing, and inventory control; manage cash flow; train staff; and prepare operating and maintenance manuals for each power generation facility that they operate. As a facility develops an operating history, Calpine Corporation's operation and management subsidiaries analyze the facility's operation and may modify or upgrade equipment or adjust operating procedures or maintenance measures to enhance the facility's reliability or profitability. These services are performed under the terms of operating and maintenance agreements pursuant to which Calpine Corporation's operation and maintenance subsidiaries are generally reimbursed for certain costs and paid an annual operating fee. Pursuant to the O&M agreements, these subsidiaries may also be paid an incentive fee based on the performance of each facility.

Q: Why is Calpine interested in building and operating the Osprey Energy Center in Florida?

A: Calpine views the construction and operation of the Osprey Energy Center as a mutually beneficial business opportunity for

Calpine and Seminole, Seminole's Member cooperatives, and those systems' member-consumers. Subject to the Project's output being contractually committed to Seminole and to other Peninsular Florida load-serving utilities, the Project will be beneficial to those utilities and their ultimate consumers.

According to the 2000 Regional Load & Resource Plan prepared by the Florida Reliability Coordinating Council and dated July 2000 ("FRCC 2000 Resource Plan"), Peninsular Florida needs more than 11,000 MW of new installed capacity in order to maintain winter reserve margins generally between 7% and 13% without exercising load management and interruptible resources from the winter of 2000-2001 through the winter of 2009-2010. Even with the exercise of load management and interruptible resources, Peninsular Florida needs more than 11,000 MW of new capacity, as forecast in the FRCC 2000 Resource Plan, to maintain planned reserve margins through the same period. Subject to the Project's output being contractually committed to Seminole and to other Peninsular Florida load-serving utilities, the Project will increase both summer and winter reserve margins for Peninsular Florida and will enhance Peninsular Florida's reliability. Assuming an average coincident peak demand of 3.5 to 5.0 kW per residential customer, the Project's capacity would be sufficient to maintain electric service to between 99,000 homes (at 5.0 kW per household, summer peak conditions) and 165,000 homes (at

3.5 kW per household, winter peak conditions) during an extreme weather event.

Q: Does Calpine expect to be represented on the Florida Reliability Coordinating Council?

A: Yes, Calpine expects to be represented on the FRCC with respect to our Osprey Project and Blue Heron Energy Center, another gas-fired combined cycle power plant that we described in our 2000 Ten-Year Site Plan.

THE OSPREY ENERGY CENTER

Q: Please describe the Osprey Energy Center.

A: The Osprey Energy Center is a natural gas-fired power plant utilizing advanced combustion turbine technology in combined cycle configuration with a heat recovery steam generator and an electric steam turbine generator. The Project's rated capacity at average ambient site conditions is 529 MW, based on expected manufacturers' guarantees. The Project's rated winter capacity is 578 MW and its rated summer capacity is 496 MW. Construction of the Project will be managed by Calpine Eastern Corporation or its affiliates or subsidiaries. The Project is scheduled to achieve commercial in-service status during the second quarter of 2003, and is projected to have a technical and economic life in excess of 30 years. Firm delivered gas

supply will be provided for the Project's operations pursuant to a contract between Gulfstream Natural Gas System and Calpine East Fuels, L.L.C., having an initial term of twenty years.

The Project will satisfy all applicable environmental permitting requirements. Gas-fired combined cycle technology is the most efficient and most environmentally benign electric generation technology currently available and feasible on a commercial basis. Analyses prepared by Slater Consulting and reported in detail in the testimony and exhibits of Kenneth J. Slater show that the Project's operations can be expected to have a substantial net beneficial effect on total emissions from power generation in Florida, reducing total combined emissions of sulfur dioxide and nitrogen oxides by between 8,000 and 23,000 tons per year.

Q: What is the approximate direct construction cost of the Osprey Project?

A: The estimated direct construction cost of the Project is $194.8 million. This equates to $357 per kW of capacity, calculated on the basis of the Project's rated capacity of 545 MW at ISO temperature and relative humidity conditions.

Q: Please give an overview of the financing plan for the Osprey Energy Center.

A: The Project will be constructed and brought into commercial service solely with funds provided by Calpine Corporation and its subsidiaries. Calpine Corporation will provide the equity. The debt will be provided by Calpine through a form of revolving credit, provided by several investment banks, used to simultaneously fund the debt portion of the construction and development costs of multiple Calpine projects.

Q: Please summarize the transmission arrangements that Calpine anticipates will be made for connecting the Osprey Project to the Peninsular Florida transmission grid and for delivering the Project's output to other Peninsular Florida utilities?

A: The Project will be interconnected to the Peninsular Florida transmission system at Tampa Electric Company's ("TECO") Recker Substation. Pursuant to TECO's transmission tariff, Calpine will obtain sufficient transmission capacity to permit the delivery of the Project's full output to other Peninsular Florida utilities on a firm basis. The actual transmission upgrades required have been determined in accordance with TECO's open access transmission tariff. Pursuant to Calpine's request and TECO's tariff, TECO issued the Transmission Service Request Facilities Study report on August 31, 2000. The report

estimated the cost to interconnect the Osprey Project to TECO's Recker Substation at $2.4 million. In addition, the cost of the network upgrades required to provide firm transmission service was estimated at $11.5 million.

Q: What is the status of the Osprey Project in the development process?

A: Preliminary engineering for the Osprey Project is complete, and detailed design engineering will begin in March 2001. Calpine has filed the site certification application for the Osprey Project, which was deemed complete by the Florida Department of Environmental Protection ("DEP") on April 7, 2000. On December 11, 2000, DEP issued notice of its determination that the Osprey site certification application was sufficient. The draft air permit is complete, the Project site has been annexed into the City of Auburndale, and all work relative to land use approvals is complete.

Calpine has secured, by the payment of substantial deposits, the rights to a significant number of combustion turbine generators for delivery between the present and 2004. As permitting of the Osprey Project goes forward and the Project's construction timetable becomes firmly established, two of these already-secured CTGs will be designated for use in the Osprey Project.

Our affiliate, Calpine East Fuels, L.L.C., has entered into a Precedent Agreement with Gulfstream Natural Gas System, L.L.C., for firm gas transportation service for the Project. With regard to transmission, TECO has completed the transmission interconnection study and its Transmission Service Request Facilities Study report. We have formally requested the reservation of sufficient capacity on TECO's transmission system, and have submitted the requisite deposit, to accommodate power deliveries from the Project to Seminole and to other Peninsular Florida utilities on a firm basis. (In the event that Seminole does not elect to purchase all of the Project's output at a given point in time, Calpine would endeavor to market any available power to other Peninsular Florida load-serving utilities pursuant to appropriate, cost-effective contracts.)

Q: When is the Osprey Project expected to achieve commercial in-service status?

A: Based on the present schedule, Calpine expects to bring the Osprey Project into commercial operation by June 1, 2003.

Q: Please introduce Calpine's other witnesses and the subject matter of their testimony and exhibits.

A: Detailed technical information regarding the Osprey Energy

Center is presented in the testimony and exhibits of Ted S. Baldwin, whose testimony describes the engineering aspects of the Project; Richard A. Zwolak, AICP, whose testimony addresses environmental and permitting issues; Michael D. Petit, who addresses fuel transportation and fuel supply issues; Kenneth J. Slater, who addresses the potential impacts of the Osprey Project's operations on Peninsular Florida power supply costs, fuel use for power generation, and environmental emissions associated with power generation; and Michel P. Armand, P.E., who addresses transmission issues.

Q: What other companies and entities are assisting in developing and permitting the Osprey Project?

A: Golder Associates is providing environmental analysis and permitting support for the Project. Navigant Consulting has provided certain transmission load flow studies in support of Calpine's site certification application for the Project. TECO has provided interconnection studies and transmission system impact studies and will, pursuant to its FERC-approved transmission tariff, provide transmission service to accommodate delivery of the Project's output to Seminole and to the other Peninsular Florida utilities that purchase power from the Project. Gulfstream Natural Gas System will provide gas transportation service to the Project. Slater Consulting and

R.W. Beck and Associates have provided assistance with respect to economic evaluations of the Project in support of the Joint Petition.

GENERATING AND NON-GENERATING ALTERNATIVES CONSIDERED

Q: What generating alternatives did Calpine consider to the particular configuration that was actually selected for the Osprey Project?

A: The major available generating alternatives that were examined and evaluated in arriving at the decision to use the selected generating technology for the Osprey Energy Center were gas-fired and oil-fired combustion turbines, gas-fired and oil-fired combined cycle units, gas-fired steam generation units, conventional pulverized coal steam units, nuclear steam units, renewable energy technology, and integrated coal gasification combined cycle units. Exhibit _____ (TRE-4) lists the generating alternatives evaluated, and Exhibit _____ (TRE-5) summarizes our cost-effectiveness evaluation of the alternative technologies.

Q: Why did Calpine select natural gas-fired combined cycle technology for the Osprey Energy Center?

A: Exhibit _____ (TRE-5) shows that gas-fired combined cycle technology is expected to have the lowest levelized life-cycle

cost in either intermediate load operation or base load operation. Projections prepared for Calpine indicate that the Osprey Project will, subject to the Project's output being contractually committed to Seminole and to other Peninsular Florida load-serving utilities, operate as a base load unit, with annual capacity factors in the range of 86 to 93 percent, dependent on the routine maintenance planned for each respective year. These evaluations clearly indicate that the best choice for Calpine, considering economics and cost-effectiveness, is gas-fired combined cycle capacity.

The selected gas-fired combined cycle technology also exhibits favorable reliability, long-term flexibility, environmental, and strategic characteristics. This technology is proven and extremely reliable, with a forced outage rate of approximately 2 percent. The technology also has great flexibility for both intermediate and base load operation; our design choice allowing for duct-firing and power augmentation also allows for additional flexibility of operation to meet extreme demand conditions in Peninsular Florida. As stated above and in Mr. Slater's testimony, the Project is expected to have a net beneficial impact on emissions from power generation for Peninsular Florida, reducing total sulfur dioxide and nitrogen oxides emissions by approximately 8,000 to 23,000 tons per year. Additionally, the chosen technology is favorable considering strategic factors, both from Calpine's and

Seminole's perspectives. The Project will be fueled by domestically produced natural gas rather than by imported fuel that may be subject to interruption due to political or other events. The Project has a low installed cost and a highly efficient heat rate, assuring its long-term economic viability. The Project's gas-fired combined cycle technology is exceptionally clean and minimizes airborne emissions. Since the Project will use clean natural gas as its fuel, there is substantially less risk (than with older, less efficient, and more polluting power plants) that the Project will be adversely affected by future changes in environmental regulations.

Subject to the Project's output being contractually committed to Seminole and to other Peninsular Florida load-serving utilities, the Project will also conserve primary energy consumed for electricity production in Florida by displacing generation from less efficient, and less cost-effective, oil-fired, natural gas-fired, and coal-fired units. In so doing, the Project will enhance both the overall efficiency of electricity production and the overall efficiency of natural gas use, as well as reduce the consumption of petroleum fuels for electricity generation in Florida, thereby reducing environmental emissions.

The desirability of Calpine's technology choice is further supported by the fact that other Florida utilities are planning to add capacity of similar technology and design, and by the

fact that the type of power plant proposed by Calpine is the technology of choice for the large majority of new power plant capacity planned in the United States.

Q: What, if any, non-generating alternatives did Calpine consider in the processes that led it to proceed with the Osprey Project?

A: There are no viable non-generating alternatives to the Osprey Project. Calpine is in the business of providing efficient, cost-effective wholesale power to other utilities. Based on my experience, as a wholesale-only power supplier, Calpine does not engage in end-use conservation programs and is not required to have conservation goals pursuant to the Florida Energy Efficiency and Conservation Act. Accordingly, Calpine did not consider non-generating alternatives to constructing and operating the Osprey Project.

Q: Notwithstanding your position that Calpine does not engage in direct end-use energy conservation programs, will the Osprey Energy Center have any energy conservation effects?

A: Yes. The Project, like other gas-fired combined cycle units, provides energy efficiency benefits by using less primary fuel to produce a given quantity of electricity and provides environmental benefits in the form of reduced emissions that

would otherwise occur if oil-fired or gas-fired steam turbine plants, or other fossil fuel baseload or peaking units, were dispatched instead of the Project. Accordingly, subject to the Project's output being contractually committed to Seminole and to other Peninsular Florida load-serving utilities, the Project promotes and is specifically consistent with the Florida Legislature's declared goals of enhancing the overall efficiency and cost-effectiveness of electricity production and natural gas use, and of conserving expensive resources, particularly petroleum fuels. The Project is also expected to provide environmental benefits in the form of reduced sulfur dioxide and nitrogen oxides emissions that would otherwise occur if oil-fired or gas-fired steam turbine plants, or other fossil fuel-fired baseload or peaking units, were dispatched instead of the Project.

THE SEMINOLE-CALPINE POWER PURCHASE AGREEMENT

Q: What is the status of Calpine's and Seminole's efforts to reach final contractual arrangements for the purchase and sale of the Osprey Project's output?

A: Calpine Energy Services, an affiliate of Calpine, and Seminole executed the PPA on December 14, 2000. The PPA sets forth all of the detailed commercial principles -- e.g., pricing, duration, and other key terms and conditions -- for the

Seminole-Calpine power purchase and sale arrangement.

Q: Please describe the basic terms of the PPA.

A: The PPA provides for Calpine to sell and for Seminole to purchase 350 MW of firm capacity and associated energy from June 1, 2004 through May 22, 2020, subject to periodic contractual "reopeners." The "reopener" provisions are triggered at five-year intervals, and if neither Seminole nor Calpine affirmatively terminates the PPA, then it will continue in full force and effect. Additionally, Seminole has the option to purchase the entire capacity of the Osprey Project from the Project's commercial in-service date (expected June 2003) through May 31, 2004, to the extent that this capacity has not been firmly committed to other Florida load-serving utilities at the time that Seminole wishes to exercise this option. In addition, beginning on June 1, 2004, Seminole has the option to purchase the entire remaining capacity of the Project, i.e., the Project's capacity above the 350 MW already committed to Seminole on a firm basis, to the extent that this additional capacity has not been firmly committed to other Florida load-serving utilities. Throughout the PPA's term, Seminole has the right, pursuant to notice and pricing provisions set forth in the PPA, to purchase all of the Project's energy output associated with the amounts of firm

capacity that Seminole is purchasing at any time.

CALPINE'S USE OF THE OSPREY ENERGY CENTER

Q: For what purposes will Calpine use the Osprey Energy Center?

A: Calpine will use the Osprey Project primarily to fulfill its contractual obligations to Seminole. Calpine may also use the Project to serve the power supply needs of other Peninsular Florida load-serving utilities that elect to contract with Calpine for the Project's output.

Q: Please give an overview of the projected operations of the Osprey Energy Center.

A: Mr. Kenneth J. Slater's analyses of the Florida bulk power supply market and of the Project's operating economics yield projections that the Project, with an availability factor of greater than 94 percent, would be expected to operate between 7,500 and 8,500 hours per year, when operated on an economic dispatch basis within the Peninsular Florida power supply system and subject to the Project's output being contractually committed to Seminole and to other Peninsular Florida load-serving utilities. We anticipate that the Project will provide approximately 578 MW (winter) and 496 MW (summer) of capacity, and between 4,000,000 MWH and 4,400,000 MWH per year of cost-effective, environmentally beneficial electrical energy, on a

wholesale basis, to Seminole and to other Peninsular Florida utilities that elect to contract for the Project's output.

Q: How likely is it that the Project would make sales of capacity or energy or both to utilities outside Florida, under any scenario?

A: It is unlikely that any significant amount of the Project's output would be sold outside Peninsular Florida under any scenario. This is a function of several factors, including relatively low generation costs in the Southeastern Electric Reliability Council ("SERC") region as compared to those within Peninsular Florida, recent power shortages and projected tight reserves in Peninsular Florida, and limited transmission export capacity from Florida into the SERC region. Of course, this is why we are seeking the Commission's determination of need that will enable us to build the Osprey Energy Center in Peninsular Florida, and why the transmission interconnection facilities are being designed to accommodate deliveries of power from the Project to utilities located within the State of Florida. This is also why Calpine asked Navigant Consulting and TECO to perform transmission studies for power deliveries exclusively to load-serving utilities in Peninsular Florida. No out-of-state export studies were contemplated.

Q: Does Calpine either plan to sell electricity at retail in Florida or anticipate making retail power sales in Florida?

A: No. Selling at retail is not a part of Calpine's development marketing, or strategic plans.

Q: What, if any, additional benefits could the Osprey Energy Center provide to Florida, its citizens, and its electric ratepayers?

A: In addition to fairly dramatic power supply cost savings, the Project can, subject to the Project's output being contractually committed to Seminole and to other Peninsular Florida load-serving utilities, provide enhanced reliability of electric supply, both through additional generation capacity and through fuel diversity. This results in reduced losses to the people and businesses of Florida from service interruptions. The Project can also be expected to enhance environmental quality; stimulate economic development through lower overall electricity costs, increased employment, and increased local government tax revenues; and transfer the financial risks associated with owning and operating an electrical generation facility away from electric ratepayers to Calpine.

Q: What, if any, adverse effects would occur if the Osprey Project were not brought into service, or was delayed in being brought into service, as proposed by Seminole and Calpine?

A: Seminole, other Peninsular Florida load-serving utilities that would choose to contract for the Project's output, and Florida would lose all of the benefits that the Project would otherwise provide. Specifically, Seminole, Seminole's Member cooperative utilities, those utilities' member-consumers, other Florida load-serving utilities who would elect to contract with Calpine for the Project's output, and those utilities' retail customers would lose the following:

1. More than 4,000,000 MWH per year of clean, efficient, cost-effective generation;
2. The substantial cost savings that would result as the Project's operation displaces generation from more costly power plants, on the order of $150 million per year;
3. The additional economic value provided by the Project through (a) lower costs of ancillary services, (b) reduced losses of economic productivity due to service interruptions, and (c) enhanced economic development;
4. The environmental emissions reductions that would result as the Project displaces generation from less efficient generation resources;
5. The risk transference benefits of having Calpine own and

operate the Project outside any retail-serving utility's rate base; and

6. The economic development stimulation benefits of the Project, including lower overall electricity costs, increased employment, and enhanced local government tax revenues.

COST-EFFECTIVENESS AND ECONOMIC VIABILITY

Q: Is the Osprey Project the most cost-effective alternative available to Calpine to meet its projected needs for serving its anticipated wholesale customers?

A: Yes. As shown in Exhibit _____ (TRE-5), gas-fired combined cycle generation capacity has the lowest expected total cost of all technologies evaluated for both intermediate and base load duty. Given our projections that the Osprey Project will operate as a base load unit, the gas-fired combined cycle technology that Calpine has chosen is the most cost-effective alternative available.

Q: How were these alternatives evaluated?

A: These alternatives were evaluated by comparing the estimated levelized life-cycle operating costs of the different technologies in different modes of operation, i.e., operated in peak, intermediate, and base load modes of operation. The

analyses, which are summarized in Exhibit _____ (TRE-5), show that the lowest levelized costs for any technology for intermediate and base load applications are for the gas-fired combined cycle technology that Calpine has selected for the Osprey Energy Center.

Q: Do you believe that the Osprey Project will be economically viable? Why or why not?

A: Yes, I believe that the Osprey Project will be economically and financially viable over its entire useful life. Calpine, not Florida electric ratepayers, bears the investment risk associated with the Project, and as such, Calpine will have very strong incentives to maintain and operate the Project as efficiently and economically as possible. As noted above, subject to the Project's output being contractually committed to Seminole and to other Peninsular Florida load-serving utilities, the Project is expected to operate, on an economic dispatch basis, between 7,500 and 8,500 hours per year, with a very high availability factor over the life of the Project.

Also, the gas-fired combined cycle technology that Calpine has selected for the Project is the most efficient and the most economical generation technology currently available on a commercial basis. Indeed, it is the technology of choice throughout the U.S. electric industry today.

Q: What, if anything, could happen that would render the Osprey Project no longer economically viable?

A: Power plant technology, as all technology, is constantly advancing and being introduced to the market. At some point in time, new technology will be implemented on a scale of sufficient magnitude to render today's current best technology obsolete. This natural obsolescence in generation technology is traditionally thirty years in the U.S. power market. Calpine expects that the economic life of the Osprey Project would be in line with this natural obsolescence cycle.

From a more short-term perspective, it is difficult to envision a circumstance or situation that would render the Project not economically viable. However, the Commission should keep in mind that in the event that such an unforeseen event may occur, Calpine will bear the capital and investment risk of the Project and that Florida electric customers will not be exposed to any stranded cost risk or other risks associated with the Project, as they would be if the same amount of capacity had been built and included in a traditional regulated utility's rate base.

REQUESTED COMMISSION ACTION

Q: What action are Seminole and Calpine asking the Commission to take in this proceeding?

A: Seminole and Calpine are petitioning the Commission to issue its order granting an affirmative determination of need for the Osprey Energy Center. The Osprey Project is needed to meet Seminole's needs for system reliability and integrity and for adequate, cost-effective electricity, and, as described in my testimony, the Project is likewise consistent with Peninsular Florida's needs for clean, reliable, cost-effective power supplies. The Osprey Project will provide significant and substantial economic, efficiency, environmental, and strategic benefits to Seminole, Seminole's Member cooperatives, those utilities' member-consumers, and to the other Peninsular Florida utilities that elect to contract for the Project's output, and accordingly, the Commission should grant the requested determination of need.

Q: Does this conclude your direct testimony?

A: Yes, it does.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for Determination of Need for the Osprey Energy Center in Polk County by Seminole Electric Cooperative, Inc. and Calpine Construction Finance Company, L.P.	DOCKET NO. 001748-EC FILED: January 12, 2001

AMENDED EXHIBITS

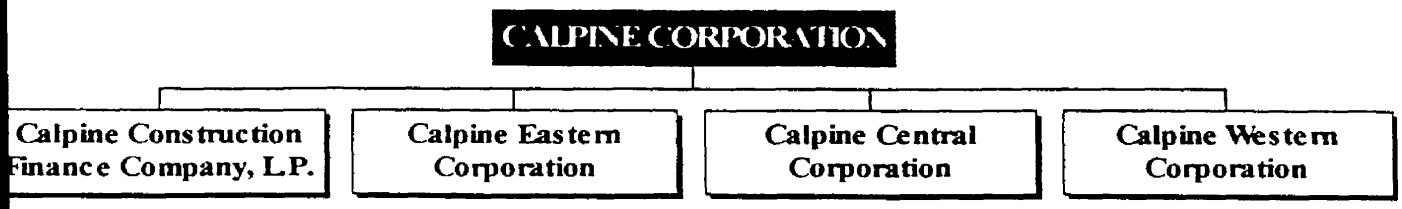
OF

TIMOTHY R. EVES

ON BEHALF OF

CALPINE CONSTRUCTION FINANCE COMPANY, L.P.

CALPINE CONSTRUCTION FINANCE COMPANY, L.P.
OWNERSHIP STRUCTURE



Calpine Corporation Portfolio of Generating Assets

Calpine

Operating Gas Fired Power Plants	Baseload Capacity (megawatts)	Calpine Interest Percentage	Calpine Net Interest (megawatts)
Agnews San Jose, CA	26.5	100%	26.5
Auburndale Auburndale, FL	143.0	100%	143.0
Bayonne Bayonne, NJ	158.0	7.5%	11.9
Bethpage Hicksville, NY	52.0	100%	52.0
Clear Lake Pasadena, TX	335.0	100%	335.0
Dighton Dighton, MA	162.0	50%	81.0
Gilroy Gilroy, CA	112.0	100%	112.0
Gordonsville Gordonsville, VA	233.0	50%	116.5
Grays Ferry Philadelphia, PA	143.0	40%	57.2
Greenleaf 1 Yuba City, CA	50.0	100%	50.0
Greenleaf 2 Yuba City, CA	50.0	100%	50.0
Hidalgo Edinburg, TX	502.0	78.5%	394.1
Kennedy Jamaica, NY	95.0	100%	95.0
King City King City, CA	103.0	100%	103.0
Lockport Lockport, NY	177.0	11.36%	20.1
Morris Morris, IL	155.0	86.45%	134.0
Newark Newark, NJ	47.0	80%	37.6
Parlin Parlin, NJ	89.0	80%	71.2

Pasadena Pasadena, TX	231.0	100%	231.0
Pasadena Expansion Pasadena, TX	520.0	100%	520.0
Philadelphia Philadelphia, PA	22.0	66.4%	14.6
Pittsburg Pittsburg, CA	64.0	100%	64.0
Pryor Pryor, OK	109.0	80%	87.2
Stony Brook Stony Brook, NY	36.0	100%	36.0
Sumas Sumas, WA	120.0	70%	84.0
Texas City Texas City, TX	465.0	100%	465.0
Tiverton Tiverton, RI	240.0	62.8%	150.7
Watsonville Watsonville, CA	29.0	100%	29.0

Operating Geothermal Power Plants	Baseload Capacity (megawatts)	Calpine Interest Percentage	Calpine Net Interest (megawatts)
Aidlin Middletown, CA	20.0	100%	20.0
Bear Canyon Middletown, CA	20.0	100%	20.0
Calistoga Middletown, CA	73.0	100%	73.0
Lake County (2 power plants) Middletown, CA	145.0	100%	145.0
Sonoma Middletown, CA	53.0	100%	53.0
Sonoma County (12 power plants) Middletown, CA	512.0	100%	512.0
West Ford Flat Middletown, CA	27.0	100%	27.0

Under Construction	Baseload Capacity (megawatts)	Calpine Interest Percentage	Calpine Net Interest (megawatts)

Acadia Eunice, LA	1,080.0	50%	540.0
Aries Pleasant Hill, MO	516.0	50%	258.0
Baytown Baytown, TX	704.0	100%	704.0
Channel Houston, TX	519.0	100%	519.0
Decatur Decatur, AL	659.0	100%	659.0
Delta Pittsburg, CA	798.0	50%	399.0
Freestone Freestone County, TX	1,002.8	100%	1,002.8
Hermiston Hermiston, OR	530.0	100%	530.0
Los Medanos Pittsburg, CA	493.0	100%	493.0
Lost Pines I Austin, TX	522.0	50%	261.0
Magic Valley Edinburg, TX	687.0	100%	687.0
Morgan Decatur, AL	660.0	100%	660.0
Oneta Coweta, OK	960.3	100%	960.3
Ontelaunee Ontelaunee, PA	511.0	100%	511.0
Rumford Rumford, ME	237.0	66.7%	158.1
South Point Bullhead City, AZ	526.0	100%	526.0
Sutter Yuba City, CA	516.0	100%	516.0
Westbrook Westbrook, ME	487.0	100%	487.0

Under Development	Baseload Capacity (megawatts)	Calpine Interest Percentage	Calpine Net Interest (megawatts)
Blue Heron Indian River County, FL	1,080.0	100%	1,080.0
Calgary Energy Centre Calgary, Alberta	198.0	100%	198.0

Fremont Fremont, Ohio	500.0	100%	500.0
Haywood Haywood County, TN	763.0	100%	763.0
Hillabee Tallapoosa County, AL	700.0	100%	700.0
Lawrence Hamilton Township, OH	850.0	100%	850.0
Lone Oak Lowndes County, MS	763.0	100%	763.0
Metcalf San Jose, CA	533.0	50%	266.5
Osprey Auburndale, FL	540.0	100%	540.0
Teavawa Thermal, CA	530.0	100%	530.0
Towantic Oxford, CT	508.0	100%	508.0
Wawayanda Middletown, NY	530.0	100%	530.0
West Phoenix Phoenix, AZ	511.0	50%	255.5

Last updated: 12/20/00 2:08:43 PM

90 FERC ¶ 61,164

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

February 23, 2000

Docket Nos. ER00-939-000
ER00-1049-000
ER00-1115-000

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One Embarcadero Center
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Dear Sirs:

You submitted for filing with the Commission rate schedules under which applicants will engage in wholesale electric power and energy transactions at market-based rates. Your submittals, as modified below, comply with the Commission's requirements for market-based rates and are accepted for filing. They are designated and made effective as indicated in Appendix A to this order.

Calpine Construction Finance Company, L.P. (Calpine) requests authority to engage in the sale of certain ancillary services (listed in its proposed rate schedule) at market-based rates into the markets administered by the California ISO, the New England Power Pool markets administered by ISO New England, Inc., the New York Power Pool markets administered by the New York Independent System Operator, and into the

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Pennsylvania-New Jersey-Maryland Interchange Energy Market. [1] We will grant this request. [2]

Any waivers or authorizations requested by the applicants are granted to the extent specified in Appendix B to this order. Waiver of the prior or advance notice requirements, if requested, is granted to the extent specified in Appendix A. The applicants must comply with the reporting requirements and other requirements specified in Appendix B to this order. [3]

The codes of conduct submitted by the applicants are accepted if consistent with Appendix C, which reflects requirements adopted in previous Commission orders. Any code of conduct inconsistent with Appendix C is rejected and in such case Appendix C has been designated as the applicant's code of conduct. The codes of conduct submitted by the applicants covered by this order are consistent with Appendix C.

Calcasieu Power, L.L.C.'s (Calcasieu) proposed rate schedule fails to include a prohibition on power sales to affiliates, absent prior Commission approval under section

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[1]Calpine also proposes to provide Replacement Reserve service at market-based rates. The Commission has determined that Replacement Reserve service is not an ancillary service, and the granting of market-based rate authority for sales of energy and capacity includes the granting of market-based rate authority for Replacement Reserve service. See, e.g., AES Redondo Beach, L.L.C., et al., 85 FERC ¶ 61,123 at 61,452, 61,464 (1998), order on reh'g, 87 FERC ¶ 61,208 (1999) (AES).

[2]See AES; New England Power Pool, 85 FERC ¶ 61,379 (1998), reh'g pending; Central Hudson Gas & Electric Corporation, et al., 86 FERC ¶ 61,062, order on reh'g, 88 FERC ¶ 61,138 (1999); Atlantic City Electric Company, et al., 86 FERC ¶ 61,248, clarified, 86 FERC ¶ 61,310 (1999).

[3]On May 27, 1999, the Commission issued an order in which it modified the reporting requirements for long-term transactions applicable to public utilities without ownership or control over generation or transmission facilities that are authorized to sell power at market-based rates (power marketers). Southern Company Services, et al., 87 FERC ¶ 61,214 (1999), reh'g pending (Southern). Specifically, with respect to any long-term transaction agreed to by a power marketer after 30 days from the date of issuance of a final order in the Southern case, the power marketer must file a service agreement with the Commission within 30 days after service commences, rather than reporting transactions thereunder in its quarterly transaction summaries.

205 of the Federal Power Act (FPA), 16 U.S.C. § 824d (1994). Calcasieu is directed, within 30 days of the date of this order, to revise its rate schedule accordingly.

Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (1999), an entity's filing of a timely notice of intervention or a timely, unopposed motion to intervene in a proceeding makes it a party to that proceeding.

Should an applicant or any of its affiliates deny, delay, or require unreasonable terms, conditions, or rates for natural gas fuel or services to a potential electric competitor in bulk power markets, then that electric competitor may file a complaint with the Commission that could result in the applicant's or its affiliate's authority to sell power at market-based rates being suspended.[4]

Sales of accounts receivable are not dispositions of jurisdictional facilities and are not within the scope of section 203 of the FPA. To the extent an applicant seeks a case-specific finding on this or any related point, it may file a petition for a declaratory order with the Commission.

Calcasieu and Lake Worth Generation L.L.C. (Lake Worth) seek Commission approval to reassign transmission capacity. We find their requests to be consistent with our requirements.

Lake Worth and Calcasieu must inform the Commission of the dates service commences.

By direction of the Commission.

Linwood A. Watson, Jr.,
Acting Secretary.

[4] See, e.g., Louisville Gas & Electric Co., 62 FERC ¶ 61,016 at 61,148 (1993).

APPENDIX A

Applicants are hereby informed of the following rate schedule designations:

Lake Worth Generation L.L.C.
Docket No. ER00-939-000
Rate Schedule Designation
Effective Date: Date Service Commences

Designation	Description
FERC Electric Tariff, Original Volume No. 1, Original Sheet No. 1	Market-Based Rate Tariff

Calcasieu Power, LLC
Docket No. ER00-1049-000
Rate Schedule Designations
Effective Date: Date Service Commences

Designation	Description
FERC Electric Tariff, Original Volume No. 1 Original Sheet Nos. 1-2	Market-Based Rate Tariff and Code of Conduct

Calpine Construction Finance Company, L.P.
Docket No. ER00-1115-000
Rate Schedule Designation
Effective Date: March 14, 2000

Designation	Description
FERC Electric Tariff, Original Volume No. 1 Original Sheet Nos. 1-2	Market-Based Rate Tariff

APPENDIX B

(1) If requested, waiver of Parts 41, 101, and 141 of the Commission's regulations, with the exception of 18 C.F.R. §§ 141.14, .15 (1999), is granted. Licensees remain obligated to file the Form No. 80 and the Annual Conveyance Report.

(2) Within 30 days of the date of this order, any person desiring to be heard or to protest the Commission's blanket approval of issuances of securities or assumptions of liabilities by those applicants who have sought such approval should file a motion to intervene or protest with the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426, in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. §§ 385.211 and 385.214.

(3) Absent a request to be heard within the period set forth in Paragraph (2) above, if the applicants have requested such authorization, the applicants are hereby authorized to issue securities and assume obligations or liabilities as guarantor, indorser, surety, or otherwise in respect of any security of another person; provided that such issue or assumption is for some lawful object within the corporate purposes of the applicants, compatible with the public interest, and reasonably necessary or appropriate for such purposes.

(4) If requested, until further order of this Commission, the full requirements of Part 45 of the Commission's regulations, except as noted below, are hereby waived with respect to any person now holding or who may hold an otherwise proscribed interlocking directorate involving the applicants. Any such person instead shall file a sworn application providing the following information:

(a) full name and business address; and

(b) all jurisdictional interlocks, identifying the affected companies and the positions held by that person.

(5) The Commission reserves the right to modify this order to require a further showing that neither the public nor private interests will be adversely affected by continued Commission approval of the applicants' issuances of securities or assumptions of liabilities, or by the continued holding of any affected interlocks.

(6) If requested, waiver of the provisions of Subparts B and C of Part 35 of the Commission's regulations, with the exception of sections 35.12(a), 35.13(b), 35.15 and 35.16, is granted for transactions under the rate schedules at issue here.

(7) (a) Applicants who own generating facilities may file umbrella service agreements for short-term power sales (one year or less) within 30 days of the date of commencement of short-term service, to be followed by quarterly transaction summaries of specific sales (including risk management transactions if they result in actual delivery of electricity). For long-term transactions (longer than one year), applicants must submit the actual individual service agreement for each transaction within 30 days of the date of commencement of service. To ensure the clear identification of filings, and in order to facilitate the orderly maintenance of the Commission's files and public access to documents, long-term transaction service agreements should not be filed together with short-term transaction summaries. For applicants who own, control or operate facilities used for the transmission of electric energy in interstate commerce, prices for generation, transmission and ancillary services must be stated separately in the quarterly reports and long-term service agreements.

(b) Applicants who do not own generating facilities must file quarterly reports detailing the purchase and sale transactions undertaken in the prior quarter (including risk management transactions if they result in actual delivery of electricity). Applicants who are power marketers should include in their quarterly reports only those risk management transactions that result in the actual delivery of electricity.

(8) The first quarterly report filed by an applicant in response to Paragraph (7) above will be due within 30 days of the end of the quarter in which the rate schedule is made effective.

(9) Each applicant must file an updated market analysis within three years of the date of this order, and every three years thereafter. The Commission reserves the right to require such an analysis at any time. The applicants must also inform the Commission promptly of any change in status that would reflect a departure from the characteristics the Commission has relied upon in approving market-based pricing. These include, but are not limited to: (a) ownership of generation or transmission supplies; or (b) affiliation with any entity not disclosed in the applicants' filing that owns generation or transmission facilities or inputs to electric power production, or affiliation with any entity that has a franchised service area. Alternatively, the applicants may elect to report such changes in conjunction with the updated market analysis required above. Each applicant must notify the Commission of which option it elects in the first quarterly report filed pursuant to Paragraph (7) above.

APPENDIX C

[APPLICANT]
SUPPLEMENT NO. _ TO RATE SCHEDULE NO. _

STATEMENT OF POLICY
AND CODE OF CONDUCT
WITH RESPECT TO THE RELATIONSHIP BETWEEN
[POWER MARKETER] AND [PUBLIC UTILITY]

Marketing of Power

1. To the maximum extent practical, the employees of [Power Marketer] will operate separately from the employees of [Public Utility].

2. All market information shared between [Public Utility] and [Power Marketer] will be disclosed simultaneously to the public. This includes all market information, including but not limited to, any communication concerning power or transmission business, present or future, positive or negative, concrete or potential. Shared employees in a support role are not bound by this provision, but they may not serve as an improper conduit of information to non-support personnel.

3. Sales of any non-power goods or services by [Public Utility], including sales made through its affiliated EWG's or QF's, to [Power Marketer] will be at the higher of cost or market price.

4. Sales of any non-power goods or services by the [Power Marketer] to [Public Utility] will not be at a price above market.

Brokering of Power

To the extent [Power Marketer] seeks to broker power for [Public Utility]:

5. [Power Marketer] will offer [Public Utility's] power first.

6. The arrangement between [Power Marketer] and [Public Utility] is non-exclusive.

7. [Power Marketer] will not accept any fees in conjunction with any Brokering services it performs for [Public Utility].

OSPREY ENERGY CENTER
GENERATING ALTERNATIVES EVALUATED

GENERATING TECHNOLOGIES CONSIDERED

COMBUSTION TURBINE-OIL

COMBUSTION TURBINE-GAS

COMBINED CYCLE-GAS

COMBINED CYCLE-OIL

PULVERIZED COAL STEAM

CONVENTIONAL GAS STEAM

COAL GASIFICATION-COMBINED CYCLE

NUCLEAR STEAM

RENEWABLE ENERGY

OSPREY ENERGY CENTER
COST-EFFECTIVENESS ANALYSES OF ALTERNATIVE GENERATION TECHNOLOGIES

Comparison of Generation Alternatives

Technology Type	Levelized Life-Cycle Cost at Assumed Capacity Factor (2000 $/MWh)		
	Peaking Operation (10% CF)	Intermediate Oper. (50% CF)	Base Load Oper. (90% CF)
Combined Cycle - Gas Fired	$ 98 - 118	$ 37 - 45	$ 30 - 37
Combined Cycle - Oil Fired	111 - 134	50 - 61	43 - 53
Simple Cycle - Gas Fired	85 - 116	52 - 73	45 - 68
Simple Cycle - Oil Fired	110 - 144	71 - 101	64 - 97
Steam - Coal	200 - 220	52 - 59	35 - 42
Steam - Gas	124	53	45
Steam - Nuclear	283	61	36
IGCC Technology	196 - 245	49 - 61	32 - 40
Renewable Energy	121 - 1072	67 - 240	47 - 147

Source: R. W. Beck and Associates.