

Hopping Green & Sams

Attorneys and Counselors

ORIGINAL

Writer's Direct Dial No.
(850) 425-2359

April 13, 2005

BY HAND DELIVERY

Blanca Bayó
Director, Division of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

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COMMISSION
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Re: Petition of Florida Municipal Power Agency for Determination of Need for Proposed Electrical Power Plant.

Docket No. 05 0256-EM

CONFIDENTIAL INFORMATION ENCLOSED

Dear Ms. Bayó:

Enclosed for filing on behalf of Florida Municipal Power Agency ("FMPA") are the original and fifteen copies of the following:

- Petition of Florida Municipal Power Agency for Determination of Need for Proposed Electrical Power Plant. - 03604-05
- Exhibit No. __ (FMPA-1), Treasure Coast Energy Center Unit 1 Need for Power Application - 03605-05
- Pre-filed Direct Testimony of **Richard L. Casey** with Exhibit Nos. __ (RLC-1) and __ (RLC-2); - 03606-05
- Pre-filed Direct Testimony of **Jonathan F. Schaefer**; - 03607-05
- Pre-filed Direct Testimony of **Mary H. Novak**; - 03608-05
- Pre-filed Direct Testimony **Michael P. Taran** and Exhibit No. __ (MPT-1) - 03609-05
- Pre-filed Direct Testimony of **Stanley A. Armbruster**; - 03610-05
- Pre-filed Direct Testimony of **Myron R. Rollins**; - 03611-05
- Pre-filed Direct Testimony of **William S. May**; - 03612-05

CMP _____
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Ms. Blanca Bayó
April 13, 2005
Page 2

- Pre-filed Direct Testimony of **Bradley E. Kushner**; and
03613-05
- FMPA's Request for Confidential Classification for portions of Appendix D to Exhibit No. __ (FMPA-1), along with a package containing two redacted copies of the document and a separate envelope labeled "CONFIDENTIAL" containing one unredacted copy of the document with the confidential information highlighted in yellow.
- 03614-05 REQUEST 03616-05 CONFIDENTIAL
- 03615-05 REDACTED

I also have included a diskette containing the testimony in Microsoft Word.

Please acknowledge receipt and filing of the above by stamping the enclosed extra copies of the Petition, Request for Confidential Classification and testimony and return them to me. If you have any questions concerning this filing, please contact me at 425-2359.

Thank you for your assistance in connection with this matter.

Very truly yours,

HOPPING GREEN & SAMS, P.A.

By:


Gary V. Perko

Attorneys for FLORIDA MUNICIPAL POWER AGENCY.

GVP/dwg
Enclosures

Hopping Green & Sams

Attorneys and Counselors

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Florida Municipal Power Agency for Determination of Need for Proposed Treasure Coast Energy Center Unit 1.

DOCKET NO. 050256-EM

FILED: April 13, 2005

**PETITION OF FLORIDA MUNICIPAL POWER AGENCY
FOR DETERMINATION OF NEED FOR
PROPOSED ELECTRICAL POWER PLANT**

FLORIDA MUNICIPAL POWER AGENCY ("FMPA"), by and through its undersigned attorneys, hereby petitions the Florida Public Service Commission ("Commission") pursuant to Section 403.519, Florida Statutes, and Rule 25-22.081, Florida Administrative Code, to determine the need for the proposed electrical power plant called the Treasure Coast Energy Center Unit 1, and to file its order making that determination with the Department of Environmental Protection pursuant to Section 403.507(2)(a)2., Florida Statutes. In support of this petition, FMPA states:

1. Petitioner's full name and address are:

Florida Municipal Power Agency
8553 Commodity Circle
Orlando, Florida 32819-9002

2. All notices, pleadings and other communications required to be served on the petitioner should be directed to:

Gary V. Perko
Gary P. Sams
Hopping Green & Sams, P.A.
123 S. Calhoun Street (32301)
Post Office Box 6526
Tallahassee, FL 32314

DOCUMENT NUMBER-DATE

03604 APR 13 05

FPSC-COMMISSION CLERK

with copy to:

Frederick M. Bryant, General Counsel
Jody Lamar Finklea, Associate General Counsel
Florida Municipal Power Agency
P.O. Box 3209
Tallahassee, Florida 32315-3209

3. FMPA is a joint action agency comprised of 29 municipal electric utilities.

FMPA was created on February 24, 1978, under the provisions of the Florida Interlocal Cooperation Act of 1969, Section 163.01, Florida Statutes, and exercising powers under the Joint Power Act, Chapter 361, part II, Florida Statutes. FMPA was formed to allow its members to cooperate with each other, on the basis of mutual advantage, to provide services and facilities in a manner and in a form of governmental organization relevant to geographic, economic, population, and other factors influencing the needs and development of local communities. Specifically, FMPA is involved in the joint financing, construction, acquisition, ownership, management, and operation of electric generation resources for its municipal members.

4. As a joint operating agency, engaged in the business of generating and transmitting electric energy, the FMPA is an "Electric Utility" under 403.503(13), Florida Statutes, and, therefore, is an "applicant" as defined by Section 403.503(4), Florida Statutes. The Commission previously has held that FMPA is a proper applicant for a determination of need pursuant to Section 403.519, Florida Statutes. Order No. PSC-01-1103-FOF-EM, issued in Docket No. 010143-EM, on May 14, 2001.

5. FMPA was created to provide a means by which its members could cooperatively gain mutual advantage and meet present and projected electric energy requirements. As part of this empowerment, FMPA developed an All-Requirements Project (ARP) to secure an adequate, economical and reliable supply of electric capacity and energy to meet the needs of the Project participants (ARP members) who include 15 municipal utilities who serve approximately

180,000 customers throughout Florida. ARP members without their own generating capacity (non-generating members) are required to purchase all their capacity and energy from the ARP. Generating members (members with their own generating capacity and purchases) are required to sell the electric capacity and energy of their generating resources to FMPA, and purchase all their capacity and energy from the ARP. In exchange for the sale of their electric capacity and energy, the generating members receive credits. The credits are developed using a market value methodology and average class-based performance. The ARP pays for all fuel, fuel transportation, and purchased power costs.

6. FMPA's ARP has been growing rapidly through load growth and the addition of new ARP members. FMPA's load and energy forecast for the ARP projects that the summer reserve margin will fall below accepted minimums in the 2008 time-frame. In addition, about 24% of the ARP's capacity comes from purchased power contracts. Many of the ARP's capacity and power purchase contracts are expiring, or nearing the end of their lifetime.

7. To address the future decline in resource capacity, and to help meet the need of future demand, FMPA employed a competitive request for proposal (RFP) process, in combination with an evaluation of FMPA generation options, to choose the most cost-effective alternative to the ARP's capacity needs. That process identified a new 300 MW combined cycle generating facility as the most cost-effective alternative. The new unit will be constructed at a new site located in St. Lucie County, Florida. The new unit, to be known as FMPA Treasure Coast Energy Center (TCEC) Unit 1, consists of a combustion turbine/generator and a heat recovery steam generator that will drive a steam turbine generator. All of the generation capacity from the unit will be committed to ARP members for retail sale to their customers.

8. Under base case planning assumptions, the TCEC Unit 1 project saves a minimum of \$14 million in cumulative present worth costs (CWPC) for a twenty year period (2005-2024) when compared to the lowest-cost project submitted in response to the RFP.

9. Pursuant to the Florida Electrical Power Plant Siting Act, Section 403.519, Florida Statutes, and Rules 25-22.080 to 25-22.081, Florida Administrative Code, the Commission has jurisdiction to determine the need for the proposed electrical power plant, applying the standards set forth in Section 403.519, Florida Statutes.

10. The information supporting this petition is contained in FMPA's Need For Power Application (the "Need Application") which is provided as Exhibit No. __ (FMPA-1) to this petition and incorporated herein by reference. The Need Application contains FMPA's analysis of the need for the proposed electrical power plant and includes the information required by Rule 25-22.081, Florida Administrative Code.

11. The accompanying information demonstrates the need for the proposed electrical power plant in the proposed time frame as the most cost-effective alternative available, taking into account the need for electric system reliability and integrity, the need for adequate electricity at a reasonable cost, and other relevant matters.

(a) By providing sufficient resources for FMPA to meet the ARP's capacity needs, the proposed plant will contribute to the reliability of the FMPA ARP system. Additionally, because TCEC Unit 1 will be more efficient than much of the natural gas fired generation in the state, the project will reduce costs and increase reliability in Peninsular Florida.

(b) The proposed unit will ensure that the ARP has an adequate supply of power to serve its customers' needs at a reasonable cost.

(c) The proposed unit is the most cost-effective alternative available for meeting the ARP's capacity needs. As noted above, TCEC Unit 1 will save a minimum of \$14

million over a 20-year period (2005-2024) compared to the least cost alternative identified through the FMPA's competitive RFP process.

(d) ARP members have implemented demand-side management programs. Even with the demand and energy reductions from those programs, TCEC Unit 1 is required to enable FMPA to reliably meet the ARP's power supply needs.

(e) FMPA has evaluated additional conservation measures and have not found any that can mitigate the need for TCEC Unit 1.

12. As set forth in more detail in the Need for Power Application, the TCEC Unit 1 has a number of advantageous features, including the following:

(a) The TCEC Unit 1 will be directly connected to FPL's transmission system. This direct connection will allow FMPA to better serve its members on the FPL transmission grid, and help the State to mitigate flow problems from the north to the south.

(b) TCEC Unit 1 will incorporate several design features which will increase the value of the unit to ARP members by helping to efficiently meet daily load swings.

(c) TCEC will have dual fuel capability, as well as the ability to operate in simple cycle mode. These attributes will contribute to the overall reliability of FMPA's generation system if problems arise that limit the availability of natural gas or the availability of the steamed turbine.

(d) The project will minimize environmental impacts by locating at an existing industrial park, utilizing clean burning natural gas as the primary fuel and ultra-low sulfur diesel for back-up, utilizing low NO_x combustors and Selective Catalytic Reduction technology to achieve extremely low NO_x emission rates, utilizing reclaimed wastewater for cooling water, and utilizing a zero water discharge design.

(e) Delaying TCEC Unit 1 would result in reduced reliability and higher costs. If TCEC Unit 1 is delayed, FMMPA's summer reserve margin will fall to 12 percent in 2008 which is well below FMMPA's 18 percent requirement. If other capacity would be installed to retain FMMPA's 18 percent summer reserve margin, costs would increase by more than \$23 million in CPWC.

13. FMMPA is not aware of any dispute regarding any of the material facts contained in this petition.

WHEREFORE, FMMPA respectfully requests that:

(1) the Commission give notice of the commencement of the proceeding as required by Rule 25-22.080(3), Florida Administrative Code; and

(2) the Commission determine that there is a need for the proposed electrical power plant described in this petition, and file its order making such determination with the Florida Department of Environmental Protection pursuant to Section 403.507(2)(a)2., Florida Statutes.

RESPECTFULLY SUBMITTED this 15th day of April, 2005.

HOPPING GREEN & SAMS, P.A.

By: 

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