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Attorneys and Counselors

Writer's Direct Dial Number
(850) 425-2359

June 13, 2005

BY HAND DELIVERY

Blanca Bayó
Director, Office of the Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 050256-EM

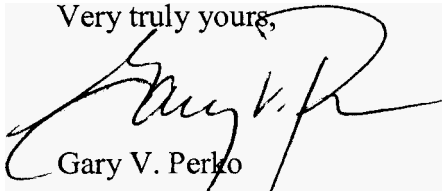
Dear Ms. Bayó:

Enclosed for filing are the original and fifteen copies of Florida Municipal Power Agency's Prehearing Statement in the above docket. I also have included a diskette containing an electronic version of the document in Microsoft Word format.

By copy of this letter, I am providing a copy of the document to the persons listed on the attached certificate of service by U.S. Mail.

Please stamp and return the enclosed extra copy of this filing. If you have any questions regarding this filing, please give me a call at 425-2359.

Very truly yours,



Gary V. Perko

GVP/mec
Enclosures
cc: certificate of service

DOCUMENT NUMBER-DATE

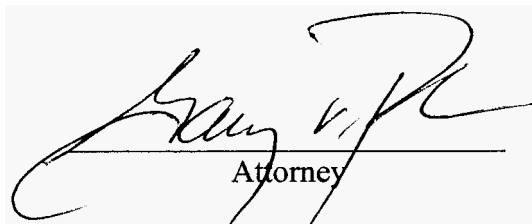
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Florida Municipal Power Agency's Pre-hearing Statement has been furnished to the following by U.S. Mail, postage prepaid, this 13th day of June, 2005:

Martha Carter Brown
Staff Counsel
Florida Public Service Commission
2520 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Brian D. O'Neill
LeBoef, Lamb, Greene & McRae, LLP
1875 Connecticut Avenue, N.W.
Washington, D.C. 20009-5715



Attorney

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition to determine need for Treasure Coast Energy Center Unit 1, proposed electrical power plant in St. Lucie County, by Florida Municipal Power Agency.

DOCKET NO. 050256-EM

DATED: June 13, 2005

**FLORIDA MUNICIPAL POWER AGENCY'S
PREHEARING STATEMENT**

Florida Municipal Power Agency ("FMPA"), pursuant to Order No. PSC-05-0485-PCO-EM, hereby submits its Prehearing Statement in this matter and states:

A. ALL KNOWN WITNESSES

In identifying witnesses, Petitioner reserve the right to call such other witnesses as may be identified in the course of discovery and preparation for final hearing in this matter, including any witnesses necessary for authentication, impeachment and rebuttal.

<u>Witness</u>	<u>Subject Matter</u>
Richard L. Casey (FMPA)	Description of FMPA, description of existing system, description of Treasure Coast Energy Center (TCEC) Unit 1, need for Unit 1, reliability criteria, cost-effectiveness, strategic considerations and financing.
Jonathan F. Schaefer (R.W. Beck)	Forecast of electrical power demand and energy consumption, methodology of forecast, and projected annual growth rates for peak demand and energy.
Myron R. Rollins (Black & Veatch)	Summary of Need for Power Application, economic parameters, reliability criteria and need for capacity, evaluation methodology, sensitivity analysis, supply side alternatives evaluated, consistency with peninsular Florida, Clean Air Act impacts, and consequences of delay.

DOCUMENT NUMBER-DATE

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<u>Witness</u>	<u>Subject Matter</u>
Mary H. Novak (Global Insight, Inc.)	Development and results of fuel price forecasts.
Michael P. Taran (FMPA)	FMPA's existing and future availability of natural gas, and ability of TCEC to obtain adequate quantities.
Stanley A. Armbruster (Black & Veatch)	TCEC Unit 1 design, capital costs, O&M costs, performance, and schedule.
William S. May (FMPA)	Request for power supply process, power supply proposals received, and evaluation process.
Bradley E Kushner (Black & Veatch)	Demand side management programs, and evaluation.

B. EXHIBITS

In identifying exhibits, Petitioner reserves the right to use such other exhibits as may be identified in the course of discovery and preparation for final hearing in this matter, including any exhibits necessary for authentication, impeachment and rebuttal.

<u>Exhibit</u>	<u>Witness(es)</u>	<u>Description</u>
Exhibit No. _ (FMPA-1)	Richard L. Casey (Sections 1, 2, 4, 14, and 16) Jonathan F. Schaefer (Section 3 and Appendix A) Myron R. Rollins (Sections 5.1, 5.4, 7, 9, 10, 12, 13, 15, and Appendix E) Mary H. Novak (Section 5.2) Michael P. Taran (Section 5.3) Stanley A. Armbruster (Section 6 and Appendix B)	Need for Power Application

<u>Exhibit</u>	<u>Witness(es)</u>	<u>Description</u>
	William S. May (Section 8, Appendices C and D)	
	Bradley E. Kushner (Section 11)	
Exhibit No. __ (RLC-1)	Richard L. Casey	Map identifying FMPA Members
Exhibit No. __ (RLC-2)	Richard L. Casey	ARP's Existing Resource Capacity
Exhibit No. __ (MPT-1)	Michael P. Taran	Annual Energy Outlook 2004 Natural Gas Supply Projections

C. BASIC POSITION

Pursuant to Section 403.519, Florida Statutes, and Rule 25-22.081, Florida Administrative Code, FMPA seeks an affirmative determination of need for the proposed Treasure Coast Energy Center Unit 1 ("TCEC Unit 1). TCEC Unit 1 will enable FMPA to maintain electric system reliability and integrity and to allow FMPA to continue to provide adequate electricity to its member municipal utilities and their customers at a reasonable cost.

As demonstrated in FMPA's Need for Power Application, supporting appendices and pre-filed testimony, TCEC Unit 1 is needed for electric system reliability and integrity by the summer of 2008 when, absent TCEC Unit 1, FMPA's reserve margin would drop below its reserve margin criteria. TCEC Unit 1 is a highly efficient, state-of-the-art, natural gas-fired F class combined cycle electrical power plant which will be owned by FMPA. TCEC Unit 1 is highly efficient generating technology with

demonstrated reliable commercial operation and will provide adequate electricity at a reasonable cost to FMPA and Peninsular Florida.

The Project is the most cost-effective alternative available to FMPA. FMPA determined to seek approval of the Project only after FMPA analyzed: (1) responses to a Request for Proposals (“RFP”) for power supply from any source and/or technology constructed or to be constructed, and (2) demand side management alternatives. Based on a detailed economic analysis, TCEC Unit 1 was found to be more cost-effective than the lowest cost alternative proposal. Additionally, no cost-effective conservation measures were found that could mitigate the need for TCEC Unit 1. Furthermore, delaying TCEC Unit 1 would result in reduced reliability and higher costs

For these and other reasons discussed more fully in FMPA’s Need for Power Application, supporting appendices, and pre-filed testimony, the Commission should grant a favorable determination of need for TCEC Unit 1.

D. – F. STATEMENT OF ISSUES AND POSITIONS

The following are FMPA’s positions on the factual, legal, and policy issues identified by the parties as appropriate for resolution in this proceeding:

ISSUE 1: **Is there a need for the proposed Treasure Coast Energy Center Unit 1, taking into account the need for electric system reliability and integrity, as this criterion is used in Section 403.519, Florida Statutes?**

FMPA: Yes. FMPA needs TCEC Unit 1 to meet its capacity requirements for an 18 percent summer reserve margin in 2008 and its winter 15 percent reserve margin in winter 2008. The Project also will enhance the reliability and integrity of FMPA’s electric system by utilizing the highly

efficient F-Class combined cycle technology with the ability to burn two different types of fuel (natural gas and ultra-low sulfur diesel oil). In addition, TCEC Unit 1 will be directly connected to FPL's transmission system. This will allow FMPA to better serve its members in the FPL transmission grid, and help the State to mitigate flow problems from the north to the south.

Witnesses: Richard Casey, Jonathan F. Schaefer, Myron Rollins.

ISSUE 2: **Is there a need for the proposed Treasure Coast Energy Center Unit 1, taking into account the need for adequate electricity at a reasonable cost, as this criterion is used in Section 403.519, Florida Statutes?**

FMPA: Yes. As stated above, TCEC Unit 1 is needed to maintain FMPA's reserve margin criteria. TCEC Unit 1 is the most cost-effective option available to FMPA. TCEC Unit 1 also provides at least \$14 million in cumulative present worth cost savings over the lowest cost supply-side alternative. TCEC Unit 1 is highly efficient and takes advantage of nearby electric, natural gas, and future treated sewage effluent infrastructure to lower the cost of installation. The proven technology is also very reliable.

Witnesses: Richard Casey, Jonathan F. Schaefer, Myron Rollins, Stanley Armbruster.

ISSUE 3: **Are there any conservation measures taken by or reasonably available to the Florida Municipal Power Agency which might mitigate the need for the proposed Treasure Coast Energy Center Unit 1?**

FMPA: No. As a wholesale supplier of electric energy to its members, FMPA is not directly responsible for demand-side management (DSM) programs. Nevertheless, FMPA evaluated in detail the most cost-effective DSM

measures. None of the potential measures passed the rate impact test after running the Florida Integrated Resource Evaluator (FIRE) model, which the Commission has found to be appropriate for evaluating conservation and DSM measures. Thus, FMPA has concluded that there are no cost-effective conservation measures reasonably available that would avoid or defer the need for TCEC Unit 1.

Witnesses: Richard Casey, Bradley Kushner, Myron Rollins.

ISSUE 4: **Is the proposed Treasure Coast Energy Center Unit 1 the most cost-effective alternative available, as this criterion is used in Section 403.519, Florida Statutes?**

FMPA: Yes. TCEC provides the most cost-effective solution to satisfy FMPA's forecast capacity requirements in 2008. As noted above, the project results in at least \$14 million in projected cumulative present worth savings over the lowest cost alternative submitted in response to FMPA's RFP.

Witnesses: Richard Casey, Myron Rollins, Brad Kushner.

ISSUE 5: **Based on the resolution of the foregoing issues, should the Commission grant the Florida Municipal Power Agency's petition to determine the need for the proposed Treasure Coast Energy Center Unit 1**

FMPA: Yes. The Commission should grant the petition for determination of need for TCEC Unit 1 because it is the most cost-effective option available to meet FMPA's needs beginning in 2008. There are no cost-effective conservation or demand-side measures available to offset the need. TCEC Unit 1 will provide FMPA adequate electricity at a reasonable cost and it

will contribute to the reliability and integrity of FMPA's system as well as Peninsular Florida.

Witnesses: Richard Casey, Jonathan Schaefer, Myron Rollins, Mary Novak, Michael Taran, Stanley Armbruster, William May, Bradley Kushner.

ISSUE 6: Should this docket be closed?

FMPA: Yes. This docket should be closed after expiration of the time for filing an appeal of the Commission's final order addressing the petition for determination of need.

G. STIPULATED ISSUES

None at this time.

H. PENDING MOTIONS AND OTHER MATTERS UPON WHICH ACTION IS SOUGHT

Petition to Intervene of City of Vero Beach filed on June 9, 2005.

I. PENDING REQUESTS OR CLAIMS FOR CONFIDENTIALITY,

FMPA's Request for Confidential Classification of Appendix D to the Need for Power Application, filed on April 13, 2005.

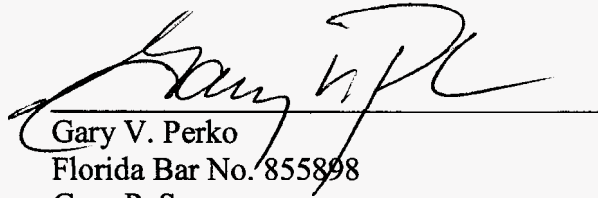
J. REQUIREMENTS OF ORDER ESTABLISHING PROCEDURE

At this time, FMPA is not aware of any requirements of the Order Establishing Procedure with which it cannot comply.

K. OBJECTIONS TO WITNESS QUALIFICATIONS

None at this time.

Respectfully submitted this 13th day of June 2005.

A handwritten signature in black ink, appearing to read "Gary V. Perko", is written over a horizontal line. The signature is fluid and cursive.

Gary V. Perko

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Gary P. Sams

Florida Bar No. 13594

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