

**BEFORE THE FLORIDA  
PUBLIC SERVICE COMMISSION**

**DOCKET NO. 06/0225-EI  
FLORIDA POWER & LIGHT COMPANY**

**IN RE: FLORIDA POWER & LIGHT COMPANY'S  
PETITION TO DETERMINE NEED FOR  
WEST COUNTY ENERGY CENTER UNITS 1 AND 2  
ELECTRICAL POWER PLANT**

**DIRECT TESTIMONY OF:**

**GERARD J. YUPP**

DOCUMENT NUMBER-DATE

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5                                       **MARCH 13, 2006**

6

7           **Q.     Please state your name and address.**

8           A.     My name is Gerard J. Yupp. My business address is 700 Universe Boulevard,  
9                   Juno Beach, Florida, 33408.

10

11          **Q.     By whom are you employed and what is your position?**

12          A.     I am employed by Florida Power & Light Company (FPL) as Director of  
13                   Wholesale Operations in the Energy Marketing and Trading Division.

14

15          **Q.     Please summarize your educational background and professional  
16                   experience.**

17          A.     I graduated from Drexel University with a Bachelor of Science Degree in  
18                   Electrical Engineering in 1989. I joined the Protection and Control Department  
19                   of FPL in 1989 as a Field Engineer and worked in the area of relay engineering.  
20                   While employed by FPL, I earned a Masters of Business Administration degree  
21                   from Florida Atlantic University in 1994. In May of 1995, I joined Cytec  
22                   Industries as a plant electrical engineer where I worked until October of 1996.  
23                   At that time, I rejoined FPL as a real-time power trader in the Energy Marketing

1 and Trading Division. Since rejoining FPL in 1996, I have moved from real-  
2 time power trading to short-term power trading, power trading manager and  
3 assumed my current position in December, 2004.

4

5 **Q. Please describe your duties and responsibilities in that position as they**  
6 **relate to this docket.**

7 A. I am responsible for managing the daily activities of the Wholesale Operations  
8 Group. Daily activities include natural gas and fuel oil procurement, fuel  
9 allocation and fuel burn management for FPL's oil and/or natural gas burning  
10 plants, coordination of plant outages with wholesale power needs, real-time  
11 power trading, short-term power trading, transmission procurement and  
12 scheduling. Longer-term initiatives include fuel planning and evaluating  
13 opportunities within the wholesale power markets based on forward market  
14 conditions, FPL's outage schedule, fuel prices and transmission availability.

15

16 **Q. What is the purpose of your testimony?**

17 A. The purpose of my testimony is to present and explain: (1) the fuel types for the  
18 West County Energy Center Units 1 and 2 project (West County 1 and 2); (2) the  
19 delivery method to provide fuel to West County 1 and 2; (3) the fossil fuel price  
20 forecast used in the evaluation of the proposals received in response to FPL's  
21 Request for Proposal (RFP) process; (4) the firm natural gas transportation cost  
22 assumptions used by FPL in its RFP evaluation; and (5) the firm natural gas  
23 transportation cost benefits achieved through jointly planning and developing

1 West County 1 and 2.

2

3 **Q. Are you sponsoring any sections of the Need Study document?**

4 A. Yes. I sponsor Section V.A.2. and Appendix F of the Need Study Document.

5

6 **Q. What is the primary fuel type that will be utilized in West County 1 and 2?**

7 A. West County 1 and 2 will burn natural gas as the primary fuel source.

8

9 **Q. How will natural gas be supplied to West County 1 and 2?**

10 A. Natural gas will be supplied to West County 1 and 2 through a pipeline that will  
11 be owned and operated by Gulfstream Natural Gas Systems (Gulfstream). In  
12 order to supply West County 1 and 2, Gulfstream will extend its existing  
13 pipeline, approximately 34 miles, from FPL's Martin Plant site to West County  
14 1 and 2. Gulfstream will independently undertake the necessary permitting and  
15 construction activities for this extension.

16

17 **Q. Will West County 1 and 2 have a backup fuel source in the event of a  
18 natural gas supply disruption?**

19 A. Yes. West County 1 and 2 will be capable of burning distillate fuel oil in the  
20 event of a natural gas supply disruption. Distillate fuel oil will be stored on-site  
21 in sufficient quantities to allow the site to operate at full capacity for one  
22 hundred eight (108) continuous hours.

23

1       **Q.     How will light oil be supplied to West County 1 and 2?**

2       A.     Light oil will be trucked to the site.

3

4       **Q.     What fuel price forecast was used in the evaluation of the FPL construction**  
5       **options and outside proposals received in response to the RFP process?**

6       A.     FPL's October 21, 2005 update of its long-term fossil fuel price forecast was  
7       used to evaluate the FPL construction option and proposals received under the  
8       RFP process. This fuel forecast was published to RFP participants in advance of  
9       the proposal due date and remained unchanged throughout the RFP process.

10

11       **Q.     Is FPL's long-term fossil fuel price forecast reasonable for the evaluation of**  
12       **West County 1 and 2 and proposals received under the RFP process?**

13       A.     Yes, FPL's October 21, 2005 update of its long-term fossil fuel price forecast is  
14       reasonable for the evaluation of the FPL construction option and proposals  
15       received under the RFP process. FPL's fuel price forecasts are consistent with  
16       the range of fuel price and availability forecasts developed by outside  
17       consultants during the same time period and reflect the best available industry  
18       information on the current and projected supply, demand and price for fuel oil,  
19       natural gas, coal, and petroleum coke, as well as, the transportation of these fuels  
20       to the existing and proposed sites.

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22

23

1       **Q.     Given the vulnerability of natural gas supply from the Gulf of Mexico to**  
2           **extreme weather events, is it reasonable for FPL to rely principally upon**  
3           **natural gas to fuel the West County 1 and 2?**

4       **A.     Yes, it is reasonable for FPL to rely principally upon natural gas to fuel the West**  
5           **County 1 and 2.  Although extreme weather events have caused short-term**  
6           **curtailments of natural gas supply from the Gulf of Mexico region during the**  
7           **past two years, FPL has, and will continue to have, adequate natural gas supply**  
8           **and fuel oil storage, and fuel switching capability to ensure sufficient fuel to**  
9           **meet FPL’s customer requirements.  FPL’s experience in 2004 and 2005 has**  
10          **demonstrated the ability to manage fuel supply disruptions with minimal impact**  
11          **to generation capability.**

12  
13       **Q.     Will the addition of approximately 2,400 MW of gas-fired generation**  
14          **impact the deliverability of natural gas to existing FPL facilities?**

15       **A.     No.  Contingent upon Commission approval of FPL’s West County 1 and 2, FPL**  
16          **has contracted with Gulfstream for additional firm natural gas transportation**  
17          **specifically for the two units at the West County Energy Center.  FPL’s existing**  
18          **contracts for firm natural gas transportation on Gulfstream and the Florida Gas**  
19          **Transmission (FGT) systems will remain unchanged.**

20  
21  
22  
23

1       **Q.     What is the long-term firm natural gas transportation cost assumed by FPL**  
2       **in its RFP evaluation for the FPL construction option and outside**  
3       **proposals?**

4       A.     Depending upon the location of the units proposed in response to FPL's RFP in  
5       terms of proximity to existing interstate pipeline systems, the pressure  
6       requirements of each proposed gas-fired unit, the size and number of units  
7       proposed, and whether the proposed units will be operated in the combined cycle  
8       or simple cycle mode, FPL developed a matrix of firm transportation volume  
9       requirements and costs to evaluate the FPL construction option and outside  
10      proposals. For FPL's West County 1 and 2, which are 1,200 MW combined  
11      cycle units, using "G" technology, and are located between 5 miles and 40 miles  
12      from the existing Gulfstream mainline, FPL assumed a demand charge for long-  
13      term firm transportation on Gulfstream of \$0.57/MMBtu.

14  
15      **Q.     Is there any advantage from the fuel delivery perspective to plan and**  
16      **develop West County 1 and 2 jointly and build them and place them in**  
17      **service consecutively in 2009 and 2010?**

18      A.     Yes. The incremental cost to FPL's customers of contracting for firm natural  
19      gas transportation for each unit separately, as opposed to two units jointly is  
20      estimated to be \$68.8 million.

21  
22      **Q.     Does this conclude your testimony?**

23      A.     Yes, it does.