

**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 & EXHIBIT OF:**

**STEVEN D. SCROGGS**

DOCUMENT NUMBER - DATE

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5 **March 13, 2006**

6  
7 **Q. Please state your name and business address.**

8 A. My name is Steven D. Scroggs, and my business address is 9250 West Flagler  
9 Street, Miami, FL, 33174.

10  
11 **Q. By who are you employed and what position do you hold?**

12 A. I am employed by Florida Power & Light Company (FPL) as Manager, Integrated  
13 Resource Planning.

14  
15 **Q. Please describe your duties and responsibilities in that position.**

16 A. I manage the Integrated Resource Planning department within the Resource  
17 Assessment and Planning Business Unit. The department is responsible for  
18 conducting economic and reliability analyses supporting the selection of  
19 generation resources for addition to the FPL system. Specifically, I am  
20 responsible for the analysis that selects FPL's Next Planned Generating Unit  
21 (NPGU) and for the development and conduct of Request for Proposals process  
22 that solicits alternatives to be compared to the Next Planned Generating Unit,

1           when appropriate. I was the FPL Contact Person for the 2005 Generation  
2           Capacity Request for Proposal process.

3  
4           **Q. Please describe your education and professional experience.**

5           A. I graduated from the University of Missouri – Columbia in 1984 with a Bachelor  
6           of Science Degree in Mechanical Engineering. From 1984 until 1994 I served in  
7           the United States Navy as a Nuclear Submarine Officer. From 1994 to 1996 I was  
8           a research associate at The Pennsylvania State University, where I earned a  
9           Masters Degree in Mechanical Engineering. In 1996 I joined DAI Management,  
10          Inc. as a power industry consultant and manager. In that role I provided economic  
11          analysis of power generation facilities supporting financial transactions and  
12          managed several small cogeneration facilities on behalf of our clientele. In 2001,  
13          I provided turnaround management for a small energy services company resulting  
14          in the successful sale of that firm at the end of the year. From January 2002 until  
15          April 2003 I was employed by Calpine Corporation as Director of Performance  
16          Engineering. In this role I supervised a team of engineers and analysts who  
17          conducted performance acceptance testing and performance enhancement analysis  
18          on Calpine’s fleet of national generating assets. In May 2003 I accepted my  
19          current position with FPL.

20  
21          **Q. What is the purpose of your testimony?**

22          A. My testimony addresses three areas. First, I discuss the Integrated Resource  
23          Planning process that led FPL to identify units that invoke the need for a Request

1 for Proposal (RFP) process. Secondly I describe how the RFP was developed and  
2 the key features of the RFP. Finally, I will explain how the RFP process was  
3 executed resulting in our recommendation that the West County Energy Center  
4 Units 1 and 2 (West County 1 and 2) are the most cost-effective alternatives to  
5 meet the need identified for the period 2009-2011.

6  
7 **Q. Are you sponsoring an exhibit in this proceeding?**

8 A. Yes. I am sponsoring an exhibit that is attached to my testimony and consists of  
9 the following:

- 10 • Document SDS-1, Notice Publication Affidavits.
- 11 • Document SDS-2, List of Registered RFP Participants and Attendees at  
12 RFP Meetings.

13  
14 **Q. Are you sponsoring any portions of the Need Study?**

15 A. Yes. I sponsor the following sections: Section II, Sections III B-E, Section VI B  
16 and Appendices B, D, H and I.

17  
18 **I. Planning Process Leading to the 2005 Generation Capacity RFP**

19  
20 **Q. Please describe FPL's Integrated Resource Planning Process.**

21 A. FPL employs an Integrated Resource Planning process that is comprised of four  
22 fundamental steps. The first step identifies the timing and magnitude of  
23 generation capacity needs by analyzing the peak electric load forecast, existing

1 system resources, purchases and projected Demand Side Management (DSM)  
2 program contributions. The second step analyzes a range of self-build capacity  
3 options (including self-build and purchase power alternatives) combined into  
4 resource plans to determine which resource plans can meet the timing and  
5 magnitude of projected capacity need identified in step one. The third step is an  
6 economic analysis to determine the most cost effective resource plans. Finally, a  
7 recommendation is made to FPL management regarding which resource plan is  
8 the most cost-effective method to meet the projected need.

9  
10 **Q. Will you describe the factors that led to the 2005 Generating Capacity RFP?**

11 A. The RFP process was triggered as a result of the Integrated Resource Planning  
12 (IRP) process. The results indicated a need for generation capacity in the period  
13 2009 to 2014, a finding that was consistent with analyses conducted in prior  
14 years. Studies begun in 2003 also led FPL to further investigate alternatives that  
15 would contribute to maintaining a balanced fuel supply. This included an  
16 economic analysis that compared the lifecycle costs of coal fired generation and  
17 those of natural gas fired generation under a range of fuel market and emission  
18 compliance scenarios. The comparative study was conducted in 2004 and the  
19 results of the study were presented to the Commission in March of 2005. These  
20 results indicated that coal fired generation would be cost effective in a number of  
21 the scenarios studied. Moreover, the results indicated that coal would also  
22 provide fuel supply diversity that would add to system reliability and reduce the  
23 volatility of the fuel portion of FPL customer's bills. FPL also determined that

1 addition of efficient combined cycle units in the early years would decrease the  
2 overall system heat rate by 4%. FPL's 2005 Ten Year Site Plan reported that the  
3 generation plan that best met the timing and magnitude of additional capacity  
4 needs and helped to maintain a balanced fuel supply combined two efficient  
5 combined cycle generation units in 2009 and 2010 with two advanced coal units  
6 in 2012 and 2013. The combined cycle units have very low capital and O&M  
7 costs, very high fuel efficiency and a shorter timeline is needed to develop, permit  
8 and construct the units. FPL's advanced coal units offer lower and more stable  
9 fuel costs and enhance system reliability, but they require a longer development,  
10 permitting and construction timeline.

11  
12 All the units identified by this process as the Next Planned Generating Units had  
13 characteristics that require a Determination of Need (new steam generation in  
14 excess of 75 MW), which in turn requires FPL to conduct a Request for Proposal  
15 process. A two part RFP process was developed to solicit generation alternatives  
16 to be compared to FPL's self build alternatives.

17  
18 **II. Development of the 2005 Generation Capacity RFP.**

19  
20 **Q. What was the purpose behind developing a two part RFP solicitation?**

21 **A.** FPL wanted to send a clear signal to potential participants in the market to  
22 indicate our desire for fuel diverse generation, explain the steps we were taking to  
23 foster a balanced fuel supply and provide sufficient advanced notice of FPL's

1 plans to attract as many qualified participants as possible. The need for  
2 generation in 2009, coupled with the most expeditious timeline to install cost-  
3 effective baseload generation available by that timeline, required that an RFP be  
4 initiated in 2005. The longer timeline required by coal-based generating  
5 technologies required that FPL initiate the process to select those resources no  
6 later than 2006. It was determined that a two part RFP issued in 2005, followed  
7 by an RFP Supplement issued in 2006 would help satisfy both objectives.

8  
9 FPL recognized it was important to demonstrate our commitment to fuel diversity  
10 by initiating the RFP process early so that prospective developers of alternative  
11 fuel generation facilities would be motivated to undertake the activities necessary  
12 to develop projects that could be proposed in Part Two of the RFP, scheduled for  
13 2006. Particularly, developers were expected to develop candidate sites, align  
14 financial backing and conduct preliminary engineering and project investigations.  
15 The timeline and FPL's expectations of potential proposers was in keeping with  
16 the information FPL published in our Clean Coal Study of March 2005 and the  
17 identified need for fuel diversity discussed in the 2003, 2004 and 2005 Ten Year  
18 Power Plant Site Plans.

19  
20 **Q. What did FPL consider when developing its Request for Proposal process?**

21 **A.** FPL considered four areas in the development of the Request for Proposal  
22 process; 1) compliance with the Bid Rule (Section 403.519, Florida Statutes), 2)  
23 an evaluation process that provided a fair comparison of proposals with FPL's

1 Next Planned Generating Unit, 3) a process that protected the interests of FPL's  
2 customers, and 4) a process that encouraged participation of those who could  
3 submit proposals that contribute to a balanced fuel supply.  
4

5 **Q. What specific steps were taken to ensure that FPL's RFP complied with the**  
6 **Bid Rule?**

7 A. The Bid Rule was used as the primary reference for the development and  
8 execution of the FPL RFP process. Where specific actions were required of the  
9 utility or participants, FPL ensured those actions were taken and the completion  
10 of the steps documented. For example, publication of Notices by FPL and  
11 Participants were tracked and documented. Where the Bid Rule directed specific  
12 content be included in the RFP, such as the description of FPL's Next Planned  
13 Generating Unit, FPL ensured that the specified content was included in clear and  
14 concise terms. The actions taken as part of the RFP were discussed among  
15 Resource Planning, Regulatory Affairs, legal counsel and the content of the RFP  
16 was reviewed by departments within FPL that would participate in the evaluation  
17 of proposals to ensure compliance with the Bid Rule. Equally important, the Bid  
18 Rule provides general guidance as to how the RFP process is to be organized and  
19 conducted. For example, utilities are encouraged to facilitate creative proposals  
20 although no specific requirements are prescribed. In response, FPL developed the  
21 RFP to accommodate many forms of proposals and held discussions with  
22 participants to determine if other formats were needed. Throughout the entire



1 process FPL ensured that the RFP met the spirit and letter of the Bid Rule  
2 requirements.

3  
4 **Q. What steps were taken to ensure that FPL's RFP process would provide a  
5 fair comparison of proposals with FPL's Next Planned Generating Unit?**

6 **A. FPL's 2005 Generation Capacity RFP contained several specific features to  
7 ensure that the subsequent evaluation of proposals solicited by the RFP would  
8 result in a fair, transparent comparison with FPL's Next Planned Generating Unit.**

9 **These include, but are not limited to:**

10 1) **A clear, explicit description of the data required for the evaluation of  
11 proposals was provided in Appendix D to the RFP, including an Excel® format  
12 file for submitting required data.**

13 2) **A clear description of the evaluation process, including example  
14 calculations and descriptions of the analytical models was provided in Appendix  
15 E to the RFP to help proposers prepare competitive proposals consistent with  
16 FPL's evaluation methodology.**

17 3) **General minimum requirements (Section II.C.1-8) define the proposal  
18 submission requirements to ensure that proposals are economically and  
19 functionally similar in key respects to each other and to the Next Planned  
20 Generating Unit, and thereby enable FPL to conduct a fair comparison.**

21 4) **Specific minimum requirements (Section III.E.3, 4 and 6) delineate the  
22 costs that a proposer is required to include within their quoted price and describe  
23 the proposer's obligations with respect to transmission and providing fuel supply**

1 arrangements. These requirements ensure that all proposals are economically and  
2 functionally similar to each other and to FPL's Next Planned Generating Unit and  
3 address similar categories of attributes and benefits.

4 5) FPL obtained the services of an Independent Evaluator to review the  
5 development of the RFP and conduct a separate evaluation of the proposals and  
6 portfolios.

7  
8 **Q. What do you mean by ensuring the FPL RFP process provides protection for**  
9 **FPL's customers?**

10 A. There are two perspectives supporting customer protection. Primarily, the RFP  
11 serves as a vehicle to solicit alternative generation resources that could eventually  
12 become a part of the generation portfolio that serves FPL's customers in the form  
13 of Purchase Power Agreements. Therefore, FPL must ensure that potential parties  
14 to such an agreement can perform if selected so that the customer gets the benefit  
15 in fact.

16  
17 A secondary perspective is that the RFP, as a part of the overall resource  
18 procurement process, is a necessary step towards maintaining system reliability.  
19 The RFP process must be designed and executed efficiently and in compliance  
20 with the Bid Rule in order to support the timely acquisition of needed generation.

1           **Q.    Please explain how the “protection of customers” is an important factor in**  
2           **your assessment of alternatives.**

3           A.    FPL has a statutory obligation to serve and is extensively regulated as to its costs  
4           and performance. The Commission has jurisdiction over FPL to ensure that FPL  
5           is meeting its obligations to its customers. However, the Commission does not  
6           have jurisdiction over entities that supply electricity, or for that matter, fuel,  
7           equipment, or other services to FPL. Therefore, the Commission cannot directly  
8           protect FPL’s customers from such entities in the event of delays, poor  
9           performance, misconduct or negligence. FPL’s customers and the Commission  
10          rely on FPL to provide that protection. The only means FPL has to provide that  
11          protection are: 1) entering into contracts with selected entities that can reasonably  
12          be relied upon to perform as specified in the contract; and 2) requiring that the  
13          contracts FPL enters into with those entities include terms that protect the  
14          customers’ interests.

15  
16          **Q.    What features of this RFP helped to protect FPL customers?**

17          A.    FPL’s 2005 Generation Capacity RFP contained several specific features to  
18          protect the interest of FPL customers. These include:  
19                1) General minimum requirements (Section II.C.9-11) describe items that would  
20                be a part of any purchase power agreement resulting from the RFP process.  
21                These requirements are necessary inclusions that ensure that FPL can manage the  
22                contracts within the regulatory environment and that FPL would have access to

1 information that would be required to be reported under the current accounting  
2 standards.

3 2) Specific minimum requirements (Section III.E.1, 2, 5 and 7) define the scope  
4 of the RFP to a prescribed required capacity and specify the necessary financial,  
5 schedule and experience qualifications required of bidders.

6 3) FPL included two draft Purchased Power Agreements (tolling and non-tolling)  
7 that provided participants with a clear idea of the terms FPL felt were necessary to  
8 protect customers and deliver the contracted services.

9 4) Designing and conducting the RFP in compliance with the Bid Rule protects  
10 FPL's customers by avoiding delays in obtaining regulatory approvals and  
11 obtaining the capacity resources needed to maintain system reliability criteria on  
12 time.

13  
14 **Q. What features were included to encourage participation of fuel diverse  
15 generation alternatives?**

16 **A.** FPL took several steps to increase the potential field of fuel diverse generation  
17 alternatives beginning with sharing its own information on the topic. The  
18 publication and distribution of the 2005 Clean Coal Study is quite clear as to  
19 FPL's view that coal generation can be economically competitive under certain  
20 circumstances. FPL also discussed risks and challenges to successful  
21 development and operation of coal fired technology in Florida.

22

1 FPL then reviewed its solicitation process to determine what changes could be  
2 made to better facilitate the specific challenges presented by fuel diverse  
3 technologies. FPL extended the timeline used to solicit alternatives. Part One of  
4 FPL's RFP covers a three year period through 2011 and encouraged fuel diverse  
5 proposals that could be developed to meet that timeline. Part Two of the RFP  
6 process was intentionally initiated early to provide notice to the market and  
7 encourage participants to develop credible alternative projects. FPL has also  
8 maintained an open format for the RFP process related to Part Two. Recognizing  
9 the unique challenge, FPL is hosting a series of workshops to discuss issues with  
10 Participants so that a robust but flexible process can be developed.

11  
12 In short, FPL has started with a fresh look and has developed a solicitation  
13 process that enable credible alternatives to be offered and maintain the key  
14 customer protections related to purchased power contracts.

15  
16 **Q. How is the development and conduct of the RFP organized within FPL?**

17 **A.** Resource Assessment and Planning (RAP) department leads and coordinates the  
18 development and execution of the RFP. Other expert groups within the company  
19 complement the process with specific expertise where required. For example, in  
20 the development of the RFP, the Environmental department identifies the  
21 information they require to adequately evaluate the environmental aspects of  
22 proposals; the Power Generation Division identifies the technical characteristics  
23 required to provide a review of engineering issues, and the Purchased Power

1 section in RAP identifies the aspects they will review in regard to project  
2 execution risk. In the evaluation of proposals, RAP conducts a significant portion  
3 of the evaluation and organizes the review of other expert groups where such  
4 review requires expertise external to RAP.

5  
6 **Q. Do the individuals involved with the FPL self-build projects have access to  
7 proposal information at any point in the process?**

8 A. No. No member of the RFP evaluation team is a part of the FPL self-build  
9 development team nor is there any sharing of proposal information between these  
10 groups. The proposals are maintained under RAP's direct control in a locked  
11 room in the General Office building in Miami or assigned specifically to  
12 individuals who are authorized to have access. The computer files generated in  
13 the evaluation process are maintained on a secure server with access limited to  
14 only those within RAP directly involved with the analysis.

15  
16 **Q. What are the general steps involved in the evaluation of proposals received in  
17 response to the RFP?**

18 A. The individual proposals are first reviewed for completeness and compliance with  
19 the minimum requirements. Any incomplete areas are identified to the Proposers  
20 and an opportunity to clarify or correct deficiencies is provided. The second step  
21 is an economic screen of individual proposals. In the event a large number of  
22 responses are received, this feature is used to distinguish competitive and non-  
23 competitive proposals. The third step is to develop candidate portfolios satisfying

1 the identified need. These candidate portfolios can include one or more external  
2 proposals, FPL's Next Planned Generating Unit or a combination of FPL's  
3 alternative generation unit (West County 1 alone) with one or more external  
4 proposals. The candidate portfolios are then evaluated in the detailed economic  
5 evaluation.

6  
7 **Q. Would you describe the key components of the detailed economic evaluation  
8 and how they are accomplished?**

9 A. Yes. The detailed economic evaluation estimates the present value revenue  
10 requirements for FPL's system utilizing the existing system resources combined  
11 with each candidate portfolio to satisfy the system reserve margin reliability  
12 criteria. The term of the analysis covers 25 years from the Commercial Delivery  
13 Date of the alternatives under review. The detailed economic evaluation  
14 incorporates generation system costs, transmission related costs, fuel system  
15 related costs and a net equity adjustment associated with the imputed obligation of  
16 any PPA related to a purchased generation alternative.

17  
18 **Q. Please describe what is included in the development of generation system  
19 costs.**

20 A. Generation system costs reflected in the evaluation include all fixed costs required  
21 to build and operate the proposed generation alternatives, and all variable costs  
22 necessary to operate the existing FPL system in combination with the proposed  
23 generation alternatives under evaluation. Fixed costs include all lifecycle costs to

1           construct, operate and maintain self-build generation assets throughout the term of  
2           the analysis. Annual fixed costs for purchased power contracts are generally  
3           proposed reflecting a flat or escalating capacity payment stream. The RFP  
4           identifies the fixed costs that proposers are required to include within the capacity  
5           payments so as to ensure that proposed projects properly reflect all fixed costs in  
6           categories that are consistent with those used for FPL's generation cost  
7           assumptions for self build alternatives enabling FPL to conduct a fair comparison.  
8           Variable operating costs are costs incurred based on the amount of generation  
9           produced by a given unit. These costs include FPL's cost of fuel to operate  
10          existing assets, proposed self-build assets and proposed contract assets under  
11          tolling PPA's, and the proposer's energy charges for contract assets under non-  
12          tolling PPA's, as well as other consumable costs (water treatment, lubricants,  
13          etc.).

14  
15          The integrated operation and associated variable operating costs of the existing  
16          FPL system and the candidate portfolios under evaluation is estimated by  
17          modeling the economic dispatch of the entire system using a detailed computer  
18          program to economically dispatch all available resources.

19  
20          The annual fixed and variable operating costs are consolidated as a Present Value  
21          Revenue Requirements (PVRR) generation cost value that represents the  
22          generation system cost requirements of the FPL system with the proposed  
23          generation alternatives.



1           **Q.    Please describe what is included in the development of the transmission**  
2           **related costs.**

3           A.    Transmission related costs include the cost to integrate the proposed generation  
4           with the FPL transmission system and an estimate of the incremental losses  
5           created by the addition of the proposed generation.

6  
7           Mr. Roger Clayton, the transmission consultant, is provided with a description of  
8           each of the candidate portfolios. Analysis is conducted to determine what  
9           transmission system resources need to be added for each candidate portfolio to  
10          ensure the transmission system can be operated to the system standards of  
11          reliability and stability. The costs for these resources comprise the system  
12          integration cost for the candidate portfolio. This does not include costs to  
13          interconnect the generators to the system, as that cost is required to be included in  
14          the cost of proposals reflected as a fixed cost and is also included as a fixed cost  
15          of FPL's self build alternatives.

16  
17          Mr. Clayton provides estimates of the southern region transfer limits for each  
18          portfolio evaluated. Mr. Clayton also conducts an evaluation to estimate the  
19          system losses at peak load and average load conditions for all candidate  
20          portfolios. This information is used in a prescribed methodology to estimate the  
21          economic cost of those losses.

22  
23

1           **Q.     What is included in the fuel system related costs?**

2           A.     The fuel system related costs include any upstream improvements to the fuel  
3           distribution infrastructure that would be required to support the addition of the  
4           candidate portfolios to the existing system. This cost is reflected as an estimated  
5           fuel transportation rate for delivered fuel to the generating plant for FPL self build  
6           alternatives, as well as proposals requesting a tolling arrangement wherein FPL  
7           would supply fuel to the plant. Proposals supplying their own fuel arrangements  
8           are required to include these costs within their proposed energy and capacity  
9           price.

10

11          **Q.     What is the nature of the net equity adjustment?**

12          A.     The net equity adjustment estimates the net economic impact to FPL of assuming  
13          the obligation of a long term purchased power contract. Investors regard  
14          purchased power contracts as off-balance-sheet obligations that increase the  
15          financial leverage of the purchaser. To maintain bond ratings and financial  
16          flexibility, utilities must offset the debt equivalent of purchased power obligations  
17          by increasing the equity component of the capital structure from what it would  
18          otherwise be. FPL's equity adjustment calculation, which considers both the costs  
19          of the debt equivalent imposed by purchased power contracts with proposed terms  
20          of service more than three years and the potential offset provided by other  
21          mitigating factors, reasonably accomplishes this adjustment.

22

1           **Q.    Why is it necessary to include a net equity adjustment as a part of the**  
2           **financial evaluation in this RFP?**

3           A.    In order to conduct a fair comparison of the costs of various generation  
4           alternatives considered, all costs must be incorporated. The obligation of the  
5           purchased power contract has a financial impact to FPL's customers that must be  
6           included for the economic analysis to be considered complete.

7  
8           **Q.    What is the purpose of the non-economic evaluation?**

9           A.    The non-economic evaluation provides FPL a means of reviewing important areas  
10          that may present risks in the feasibility of the project, the likelihood of reaching a  
11          reasonable business arrangement with the Proposer and factors that affect the long  
12          term viability and cost of operation of the underlying facility. A completed non-  
13          economic evaluation provides a common context from which to view the overall  
14          risk to FPL's customers of contracting with the proposed project.

15  
16          **Q.    What are the areas reviewed in the non-economic evaluation?**

17          A.    There are three areas reviewed: Technical, Environmental and Project related  
18          areas. The technical review evaluates the operating capabilities of the proposed  
19          facility and how those capabilities compare to standard utility grade equipment  
20          and systems. The environmental review evaluates the environmental profile of  
21          the facility in operation, and for new generation provides important information  
22          on the plans to permit and construct the facility. This information is critical in  
23          developing an opinion as to the achievability of meeting proposed Commercial

1 Delivery Dates. Finally, the project related review evaluates the feasibility of  
2 coming to a mutually agreeable set of contract terms upon which a Purchased  
3 Power Agreement for a proposed project could be executed. Proposals and FPL's  
4 self-build alternatives undergo the technical and environmental review, while the  
5 project review is relevant only to projects that would be procured through  
6 Purchased Power Agreements. The specific review items for each area are  
7 delineated in the RFP in Appendix E.1, Tables E.1-2, 3 and 4.  
8

9 **III. Execution of the 2005 Generation Capacity RFP**

10  
11 **Q. What were the general steps in conducting the 2005 Generation Capacity**  
12 **RFP?**

13 A. There were three phases in the process. The first phase was the pre-publication  
14 phase. The second phase occurred after publication but before bid submittal and  
15 the third phase was the evaluation phase that occurs after bids are submitted.  
16

17 **Q. What activities took place during the pre-publication phase of the 2005 RFP?**

18 A. FPL undertook several activities to publicize the upcoming RFP and generate  
19 interest from qualified participants. A notice was published in papers of general  
20 circulation including the Wall Street Journal, the Miami Herald, and the New  
21 York Times. Exhibit SDS -1 provides affidavits verifying the publication of these  
22 notices. Additionally, a website (mentioned in the Notice) was developed that  
23 contains pertinent information regarding the RFP and allows interested parties to

1 register their interest. Thirty one individuals registered, representing 20  
2 companies or organizations. Seventeen of those registered indicated they had an  
3 interest in participating as a bidder in Part One or Part Two of the RFP. Exhibit  
4 SDS-2 provides a list of registered RFP Participants. Registered Participants are  
5 maintained on a listing, receive access to the RFP proposal documents, and  
6 receive RFP communications by electronic mail. A pre-publication meeting is  
7 held to discuss the requirements of the RFP and answer general questions posed  
8 by participants. The meeting was held on September 7<sup>th</sup>, 2005 the MIA Hilton in  
9 Miami, Fl. Fifteen individuals, representing 10 organizations participated in the  
10 forum. Exhibit SDS-2 also provides a list of attendees to the pre-issuance  
11 meeting. These interactions provide an opportunity to obtain input from  
12 participants and interested parties and, if appropriate, are incorporated in the final  
13 version of the RFP. No such comments were received or incorporated in the 2005  
14 RFP.

15  
16 **Q. When was the RFP published and how was it distributed?**

17 **A.** The RFP was published in electronic format on September 9, 2005 by posting on  
18 a restricted access website. Registered participants were given access to the RFP  
19 download webpage and were able to download all required documents directly  
20 from the website. Participants were notified by email when the documents were  
21 available for download. No problems were identified with this mode of  
22 distribution.

1           **Q.    What activities take place following publication of the RFP?**

2           A.    The first scheduled event was a workshop hosted by FPL to assist participants in  
3           understanding the content of the RFP and how to develop responsive proposals  
4           that meet the requirements of the RFP. The meeting was held at the MIA Hilton  
5           in Miami, FL on September 14, 2005. Ten individuals representing 7  
6           organizations attended the workshop. Exhibit SDS-2 contains a list of  
7           participants who attended the workshop.

8  
9           Also, during the ten days following publication of the RFP, participants had the  
10          opportunity to object to specific content in the RFP that they believe violates the  
11          Bid Rule. No objections were filed to the 2005 Generation Capacity RFP.

12  
13          **Q.    How were communications with participants handled during this period?**

14          A.    Participants could ask questions in written format or directly by contacting me,  
15          the RFP Contact Person. All questions and the corresponding answers were  
16          posted on the RFP download page for the benefit of all participants. Registered  
17          participants were notified of the postings as they were made. Questions and  
18          Answers are included as Appendix I of the Need Study Document.

19  
20          **Q.    Were there any other RFP related publications provided after RFP  
21          publication but before bid submittal?**

22          A.    Yes. An Addendum and two Notices were published in addition to the Questions  
23          and Answers. Addendum One, published September 12, 2005, corrected a

1 typographical error in a table in the RFP document. Notice #1, published October  
2 13, 2005, discussed issues related to developing the Fuel Forecast, and Notice #2,  
3 published November 4, 2005 provided the final Fuel Price and Availability  
4 Forecast used in the RFP evaluation process. The Addendum and Notices are  
5 included in Appendix H of the Need Study Document.

6  
7 **Q. What was the sequence of activities following proposal submission?**

8 A. Proposals were received on November 9, 2005 and reviewed for completeness  
9 and compliance with minimum requirements. A review was conducted to ensure  
10 the proposals were understood and could be evaluated. Areas that required  
11 clarification or where the proposals were deficient were identified and Proposers  
12 were notified. Clarification letters were sent on November 29, 2005 with  
13 responses required by December 9, 2005.

14  
15 Following receipt of clarification responses from Proposers, FPL decided to  
16 conduct the economic evaluation of all proposals regardless of whether the  
17 proposals fully complied with all the minimum requirements of the RFP. The  
18 evaluation process was conducted in accordance with the RFP published  
19 methodology and the resulting analysis was presented to management with the  
20 recommendation that the West County 1 and 2 project was more cost effective  
21 than all other candidate portfolios.

1           **Q.    The RFP process identifies an opportunity to identify a short list and solicit a**  
2           **Best and Final Offer prior to selection. Why was that step not taken during**  
3           **the 2005 RFP?**

4           A.    The results of the economic evaluation showed a clear economic advantage to  
5           Next Planned Generating Unit and the nearest candidate portfolio. The top two  
6           portfolios included the Next Planned Generating Unit, one of which included P4,  
7           a small system sale that increased costs to the customers. The next closest  
8           portfolio, including West County 1 and P1, was over \$750 million (PVRR) more  
9           expensive. Additionally, the P1 proposal did not comply with all minimum  
10          requirements. It was deemed highly unlikely that through a Best and Final Offer  
11          process, P1 would be modified to make its proposal both competitive and  
12          compliant. Other proposals were not cost-effective, and alone could not satisfy  
13          the need requirements FPL targeted for the solicitation.

14  
15          **Q.    Does this conclude your testimony?**

16          A.    Yes, it does.

17





**Exhibit SDS- 1: Affidavits of Publication for FPL Notices Announcing the 2005  
Generation Capacity RFP**

**THE WALL STREET JOURNAL.**

Advertising Services  
6251 Presidents Drive  
Orlando, FL 32809

STATE OF FLORIDA )  
COUNTY OF ORANGE ) SS:  
CITY OF ORLANDO )

I, Pamela J. Garstka, being duly sworn,  
depose and say that I am the Advertising Clerk of the Publisher of  
The Wall Street Journal (National Edition), a daily  
national newspaper published and of general circulation in

(Princeton, New Jersey, Chicopee, Massachusetts, Silver Spring, Maryland, Charlotte,  
North Carolina, LaGrange, Georgia, Orlando, Florida, Sharon, Pennsylvania, Bowling  
Green, Ohio, Naperville, Illinois, Des Moines, Iowa, Highland, Illinois, Dallas, Texas,  
Beaumont, Texas, Seattle, Washington, Denver, Colorado, Palo Alto, California and  
Riverside, California), and that the attached Notice

has been regularly published in The Wall Street Journal  
(National Edition) for insertion on the following date(s):

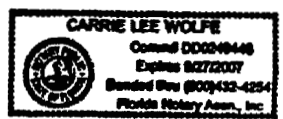
August 18, 2005

and that the foregoing statements are true and correct to the best  
of my knowledge, information and belief.

Pamela J. Garstka  
(Signature)

Sworn to before me this 30th  
day of August, 2005.

[Signature]



Audited by The Advertising Checking Bureau, Inc. 08/24/2005

THURSDAY, AUGUST 11, 2005

THE WALL STREET JOURNAL

# What's Behind the Zooming Prices for Condos?

It's not just the new condos that are zooming. It's the old ones, too. In the last 12 months, the price of a new condo in the New York City area has risen by 15%, according to a report by the National Association of Realtors. The report says that the price of a new condo in the New York City area has risen by 15% in the last 12 months. The report also says that the price of a new condo in the New York City area has risen by 15% in the last 12 months.

But even London's real estate market is showing signs of a recovery. In the last 12 months, the price of a new condo in London has risen by 10%, according to a report by the National Association of Realtors. The report says that the price of a new condo in London has risen by 10% in the last 12 months. The report also says that the price of a new condo in London has risen by 10% in the last 12 months.

Under the draft structure of your plan, many newly constructed residential units will be sold at a discount to the market. This is because the market is currently overvalued. The report says that the price of a new condo in the New York City area has risen by 15% in the last 12 months. The report also says that the price of a new condo in the New York City area has risen by 15% in the last 12 months.

These buyers are the ones who are driving the market. They are the ones who are buying the new condos. The report says that the price of a new condo in the New York City area has risen by 15% in the last 12 months. The report also says that the price of a new condo in the New York City area has risen by 15% in the last 12 months.



# Sprint Nextel Objects To Value Assessment Of Wireless Affiliate

Sprint Nextel has filed a lawsuit with the U.S. District Court in San Francisco to block a value assessment of its wireless affiliate, Nextel Communications. The lawsuit was filed on August 10, 2005. The report says that the price of a new condo in the New York City area has risen by 15% in the last 12 months. The report also says that the price of a new condo in the New York City area has risen by 15% in the last 12 months.

# Biotechnology: Science for Managers

October 2-5, 2005

# Biotechnology: Strategies for Growth

October 2-5, 2005

# Kellogg on Branding: Building, Leveraging, and Rejuvenating Your Brand

October 9-12, 2005

# Reinventing Leadership: A Breakthrough Approach

October 9-14, 2005

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With an amazing blend of art and science, your skin can be as vibrant as ever. The new Ritz-Carlton Skin Care line is the ultimate in skin care. It's the only line that's been developed by a dermatologist. The report says that the price of a new condo in the New York City area has risen by 15% in the last 12 months. The report also says that the price of a new condo in the New York City area has risen by 15% in the last 12 months.

The Ritz-Carlton Skin Care line is the ultimate in skin care. It's the only line that's been developed by a dermatologist.

# BP Cited for More Safety Lapses

BP has been cited for more safety lapses by the U.S. Department of Energy. The report says that the price of a new condo in the New York City area has risen by 15% in the last 12 months. The report also says that the price of a new condo in the New York City area has risen by 15% in the last 12 months.

# U.S., China Near Textile Pact

The U.S. and China are near a pact on textile trade. The report says that the price of a new condo in the New York City area has risen by 15% in the last 12 months. The report also says that the price of a new condo in the New York City area has risen by 15% in the last 12 months.

# New Zealand Incentive Offers \$2.32 Billion To Buy Carter Holt

New Zealand has offered an incentive of \$2.32 billion to buy Carter Holt. The report says that the price of a new condo in the New York City area has risen by 15% in the last 12 months. The report also says that the price of a new condo in the New York City area has risen by 15% in the last 12 months.

# Nortel, Korea's LG Forge Joint Venture For Telecom Gear

Nortel and Korea's LG have forged a joint venture for telecom gear. The report says that the price of a new condo in the New York City area has risen by 15% in the last 12 months. The report also says that the price of a new condo in the New York City area has risen by 15% in the last 12 months.

### REQUEST FOR PROPOSALS

#### GENERATION CAPACITY

Public Power & Light Company (PPL) is seeking proposals for the design and construction of a new generation capacity project. The project is located in the state of Pennsylvania. The report says that the price of a new condo in the New York City area has risen by 15% in the last 12 months. The report also says that the price of a new condo in the New York City area has risen by 15% in the last 12 months.

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SEC. C PG. 7

### REQUEST FOR PROPOSALS GENERATION CAPACITY

Florida Power & Light Company (FPL) is soliciting proposals for firm capacity and energy with commencement of delivery beginning June 1, 2006.

Persons interested in submitting proposals in response to this request may obtain further information and register to participate by visiting our website at [www.FPL.com/2005rfp](http://www.FPL.com/2005rfp), or you may contact Sherry Corcoran, RFP Contact Person, Florida Power & Light Company, Resource Assessment and Planning Department, PO Box 629100, Miami, FL. Office: 305-652-4199.


Proposals will compete with FPL's own planned generating units. The next planned generating units consist of two similar 1,100 MW (combined) natural gas-fired combined cycle combustion turbine (CCGT) units at FPL's proposed West County Energy Center (WCEC), in the western portion of Palm Beach County, Florida with in-service dates of June 1, 2009 and June 1, 2010, respectively. FPL will make the 2009 WCEC unit available as a stand-alone alternative for potential combination with proposals that identify firm the capacity need.

The RFP will be available to registered participants on September 8, 2005 through the website. Proposals must be submitted by November 9, 2005 at 4:00 p.m. EDT to the RFP Contact Person. After initial screening and evaluation, it is anticipated that a short list of proposers will be announced in February 2006, with initial discussions and final evaluation to follow.

The RFP document will also include preliminary information regarding FPL's intent to solicit in 2006 proposals to complete the FPL's proposed advanced coal generation units, planned for 2012 and 2013.

An RFP Discussion Session will be held September 7, 2005 in Miami, FL to discuss the requirements of the RFP. A Workshop for participants will be held on September 14, 2005 in Miami, FL to discuss the RFP data requirements and assist potential proposers in understanding the RFP submitted process. Participants may attend either meeting in person or by teleconference. Information may be obtained by visiting our website at [www.FPL.com/2005rfp](http://www.FPL.com/2005rfp) or contacting the RFP Contact Person.

FPL reserves the right to reject all proposals and to modify, defer or cancel the RFP.



### CERTIFICATION OF PUBLICATION

AUG 23 2005 20

I, DEBRA BARNING, in my capacity as a Principal Clerk of the Publisher of The New York Times a daily newspaper of general circulation printed and published in the City, County and State of New York, hereby certify that the advertisement annexed hereto was published in the editions of The New York Times on the following date or dates, to wit on

AUG 18 2005 20

Debra Barning

Approved:

[Signature]

THIS CERTIFICATION  
NOT VALID  
WITHOUT NYT ISSUED SEAL

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A Knight-Ridder Newspaper

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**MIAMI, FLORIDA**

**STATE OF FLORIDA  
COUNTY OF DADE**

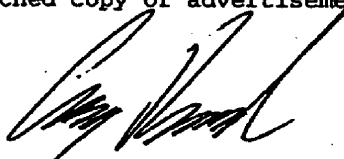
Before the undersigned authority personally appeared:  
**KIM KERNER TEPPER**

who on oath says that he/she is  
**NATIONAL ACCOUNT EXECUTIVE**

of The Miami Herald a daily newspaper published at Miami in Dade County, Florida;  
that the advertisement for Florida Power & Light appeared in said newspaper in the  
issues of:

August 15, 2005	3x10.5
August 18, 2005	2x5
August 18, 2005	6x21

Affiant further says that the said The Miami Herald is a newspaper published at  
Miami, in the said Dade County, Florida and that the said newspaper has heretofore  
been continuously published in said Dade County, Florida, each day and has been  
entered as second class mail matter at the post office in Miami, in said Dade  
County, Florida, for a period of one year next preceding the first publication of  
the attached copy of advertisement.



Sworn to and subscribed before me  
this 22<sup>nd</sup> day of August, 2005

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COLOMBIA

# Pilots group had concerns on airline

As med teams prepared the recovery of remains at the Venezuelan site of a plane crash that killed 160, questions emerged in Colombia about safety procedures of West Caribbean Airways.

BY STEVEN WISLEY  
swisley@herald.com

**BOGOTA** — Colombia's low-cost West Caribbean Airways canceled all its scheduled flights indefinitely as authorities in Venezuela struggled to recover the remains of all the 160 people killed when one of the airline's planes crashed there.

French forensic experts arrived to assist in the recovery effort, which was hampered by muddy conditions. Venezuelan authorities announced they had recovered the second of two black boxes that might help determine the cause of the crash.

The airplane, a McDonnell Douglas MD-82, was chartered by 152 French citizens from the Caribbean island of Martinique. Eight Colombian crew members also died. The plane crashed Tuesday near the Venezuelan city Machiquera, 400 miles west of Caracas.

In Colombia, the Medellin-based airline said it was canceling its scheduled flights to help in the investigation. In fact, the airline grounded only one plane. According to West Caribbean Airways President Jorge Pérez, six of the company's seven remaining planes were not flying because they were in maintenance.

The Colombian Pilots'

Association said it had repeatedly warned the country's Civil Aeronautics Board about the carrier's safety procedures. "We had sent various letters questioning our operations, not only with regard to West, but also with regard to aerial security in general," Alberto Padilla, association president, told local radio.

Padilla said a March accident of a West Caribbean airplane leaving the island Providencia, which left eight dead, "opened their eyes to the security lapses" of the company.

The Colombian aviation authority meanwhile said it had fined West Caribbean on several occasions and for several reasons: pilots not getting sufficient rest between flights; lack of proper maintenance; lack of proper pilot training; and overweight cargoes.

But the authority said the instructions were not enough to ground the air carrier, which began servicing parts of northern Colombia and its Caribbean islands of San Andrés and Providencia in 1998.

The authority had also put the company under special watch because of its financial difficulties. Pérez told local radio Tuesday that Colombia's government owed West Caribbean substantial sums, threatening its financial solvency. He did not specify how much or elaborate.

Six of the company's seven remaining planes were in maintenance in part due to the financial woes, he said.

The plane that crashed Tuesday, a McDonnell Douglas MD-82, had flown nearly

20 hours straight to cover the company's remaining routes, before tacking on the fatal charter from Panama to Martinique. Its final set of flights, which began at 7 a.m. Monday, included seven stops in Colombian territory, one in Costa Rica and three in Panama before departing for Martinique.

"In calling on the leadership of the Civil Aeronautics Board, to whom we have complained about many things: the runways, the airport infrastructure, the absence of meteorological gear. Obviously what happened to West has to sound the alarm for all of us with regards to security," Padilla said.



**GRIM, MUDDY TASK:** Soldiers and rescue workers search for the remains of the 160 victims of the plane crash in Venezuela. The second black box was recovered.

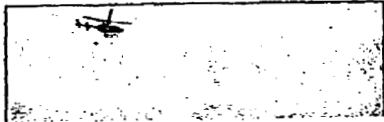
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**BEREAVEMENT:** A helicopter on Wednesday flies over the wreckage of the chartered West Caribbean Airways jet.

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**REQUEST FOR PROPOSALS**  
**GENERATION CAPACITY**

Florida Power & Light Company (FPL) is soliciting proposals for firm capacity and energy with commencement of deliveries beginning June 1, 2006.

Parties interested in submitting proposals in response to this request may obtain further information and register to participate by visiting our website at [www.FPL.com/2006](http://www.FPL.com/2006), or may contact Steven Stranges, RFP Contact Person, Florida Power & Light Company, Resource Assessment and Planning Department, PO Box 028700, Miami, FL 33102-8700, (305) 552-1105, ext. 322.


Proposals will compete with FPL's next planned generating units. The next planned generating units consist of two similar 1,300 MW (nominal) output gas-fired combined cycle combustion turbine facilities at FPL's proposed West County Energy Center (WCEC), in the western portion of Palm Beach County, Florida with in-service dates of June 1, 2009 and June 1, 2010, respectively. FPL will make the 2009 WCEC unit available as a stand-alone alternative for potential combination with proposals that partially fulfill the capacity need.

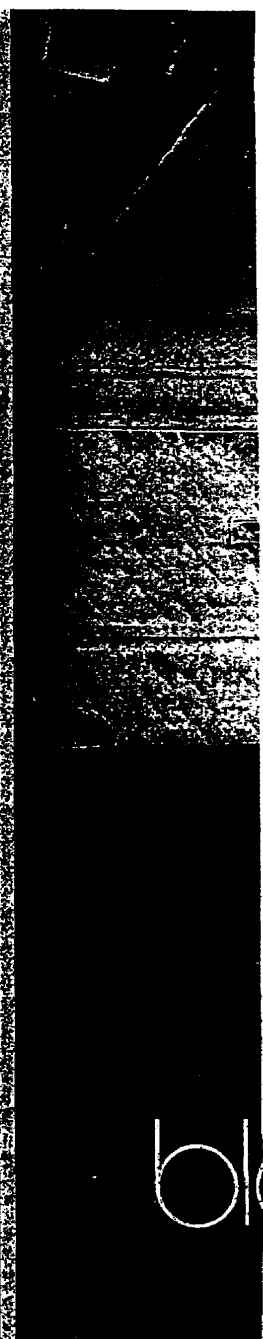
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FPL reserves the right to reject all proposals and to modify, defer or cancel the RFP.

 **FPL**  
 an FPL Group company



See page August 24, 2005. Messages may be  
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**Exhibit SDS- 2: Registered Participants to FPL 2005 Request for Proposal and  
 Record of Attendance at RFP Process Meetings**

<b><u>Bidding Participants</u></b>	<b><u>Name</u></b>	<b><u>Registered via Website</u></b>	<b><u>Pre- Release Mtg</u></b>	<b><u>RFP Workshop</u></b>	<b><u>Fuel Diversity Call Dec 2005</u></b>
Ameresco, Inc.	Linda Nugent	Yes	No	No	No
Arizona Public Service Co.	Andre Gib	Yes	No	No	No
Black & Veatch	Myron Rollins	Yes	Yes*	No	Yes*
Calpine Corporation	Joe Regenery	No	Yes*	Yes	No
Calpine Corporation	Mark Daley	Yes	Yes	Yes	Yes*
Cargill Power & Gas Markets	Chris Madland	Yes	No	No	No
Cogentrix	Bill Felts	Yes	No	No	Yes*
Cogentrix	Dan Raeder	No	No	No	Yes*
Consumers Energy Company	Mark Devereaux	Yes	No	No	No
EP LLC	James Leary	Yes	Yes	No	No
Enernoc, Inc.	Matthew Plante	Yes	No	No	No
Exelon Generation Company	Manueal Arancibia	Yes	No	No	No
FPSC Staff	Mike Haff	Yes	Yes*	Yes*	No
GE	David Swanson	Yes	No	No	No
Intergen	Mark Iamonaco	Yes	No	Yes	No
NewEnergy Associates	John Seelke	Yes	No	No	No
NewSouth Energy/Calpine	Michael Green	Yes	Yes	Yes	No
Northern Star Generation	Rick Knauth	Yes	Yes	No	No
Oglethorpe Power Company	Richard Clark	Yes	No	No	No
Panhandle Energy	Jimmy Dowden	Yes	No	No	No
Progress Energy Florida	Michael Keen	Yes	Yes	No	Yes*
Progress Energy Florida	John Warner	No	Yes	No	No
Progress Energy Ventures	John Cook	Yes	Yes	Yes*	No
Progress Energy Ventures	Tim Gerrish	Yes	Yes	No	No
PSE&G	John Travers	Yes	No	No	No
Reliant Energy	Michael Antonell	Yes	Yes	Yes	No
Seminole Electric Coop	Mark Anderson	Yes	No	No	No
Southern Company Services	Murry Weaver	Yes	Yes	Yes*	No
Summit Energy Partners	Mark Sajer	Yes	No	No	No
SWA Palm Beach	Bob Worobel	Yes	Yes	Yes*	No
SWA Palm Beach	Rich Zambo	Yes	Yes*	Yes*	Yes*
Suez LNG NA	David Fairley	Yes	No	No	No
Travers & Nau	John Travers	Yes	No	No	No

\* Denotes attendance by phone

Organizations Represented	27
Registered Participants	31
Total Participants	33