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April 14, 2006

VIA HAND DELIVERY

Ms. Blanco Bayo, Director
Division of the Commission Clerk
& Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

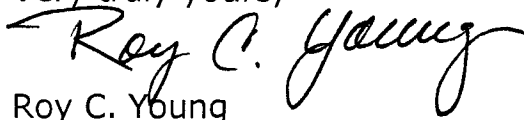
Re: Docket # 060155-EM
Orlando Utilities Commission

Dear Ms. Bayo:

Enclosed find original and 15 copies of Orlando Utilities Commission's Prehearing Statement to be filed in the above captioned docket number.

Thank you very kindly.

Very truly yours,


Roy C. Young

RCY:swp
Enclosures

sparrett\ouc\L-Bayo re Prefhearing Statement.04-14-06

DOCUMENT NUMBER-DATE

03321 APR 14 8

FPSC-COMMISSION CLERK

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition for determination of need for proposed Stanton Energy Center Combined Cycle Unit B electrical power plant in Orange County, by Orlando Utilities Commission.

DOCKET NO. 060155-EM

DATED: APRIL 14, 2006

ORLANDO UTILITIES COMMISSION'S PREHEARING STATEMENT

ORLANDO UTILITIES COMMISSION (OUC), pursuant to Order No. PSC-06-0190-PCO-EM, hereby submits its Prehearing Statement in this matter and states:

A. ALL KNOWN WITNESSES

In identifying witnesses, Petitioner reserves the right to call other such 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>
Nelson F. Rekos (DOE)	DOE CCPI, Selection of Stanton B for CCPI cost-sharing, benefits of Stanton B.
Randall Rush (SCS)	Role of Southern Company and subsidiaries in Stanton B, overview of Stanton B, gasification technology employed by Stanton B.
Frederick F. Haddad, Jr. (OUC)	Business and strategic advantages of Stanton B.
Eric Fox (Itron)	Preparation of OUC load forecast.
Seth Schwartz (EVA)	Description of how fuel forecasts were developed and reasonableness for use.
Chris Klausner (Black & Veatch)	Overview and summary of conventional, advanced, emerging, energy storage, and distributed generation supply-side alternatives.
Bradley E. Kushner (Black & Veatch)	Economic evaluation of supply-side alternatives, OUC's existing demand-side management and conservation measures, evaluation of demand-side management measures.
Thomas Washburn (OUC)	Impact to OUC and Central Florida transmission

systems.

John E. Hearn (OUC)

OUC's ability to finance Stanton B.

Myron Rollins (Black & Veatch)

Overview and summary of economic evaluation criteria and methodology, renewable supply-side alternatives, supply-side screening, environmental considerations, consequences of delay of Stanton B, and peninsular Florida's need for Stanton B.

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. __ (OUC-1)	Randall Rush (Sections 6.1, 7.0, 7.2, 7.3, 7.4, 7.5 – excluding Table 7-4 and description of OUC's additional costs and interest during construction, , 7.6, 7.7, 7.8, 7.9, 7.10, 7.11, and 14.1) Frederick F. Haddad, Jr. (Sections 1.0, 2.0, 6.3, 7.1, 7.12, and 14.2 through 14.10) Eric Fox (Section 3.0 and Appendix A) Chris Klausner (Sections 8.2, 8.3, 8.4, 8.5, and 8.6) Bradley E. Kushner (Sections 10.0, 11.0, 12.0, and Appendix C) Thomas Washburn (Section 13.0) John E. Hearn (Section 16.0) Myron Rollins (Sections 4.0, 5.0, 6.2, 8.1, 8.6, 9.0, 15.0, 17.0, and Appendix B)	Stanton B Need for Power Application
Exhibit No. __ (RER-1)	Randall Rush	Relevant Southern Company subsidiaries

Exhibit No.__(SS-1)	Seth Schwartz	Resume
Exhibit No.__(SS-2)	Seth Schwartz	EVA forecast of delivered prices for coal and petroleum coke
Exhibit No.__(SS-3)	Seth Schwartz	EVA forecast of delivered natural gas prices
Exhibit No.__(SS-4)	Seth Schwartz	EVA forecast of oil prices

C. BASIC POSITION

Pursuant to Section 403.519, Florida Statutes, and Rule 25-22.081, Florida Administrative Code, OUC seeks an affirmative determination of need for the proposed Stanton Energy Center Unit B (Stanton B). Stanton B is the most cost-effective alternative available to OUC to satisfy forecast capacity requirements in a reliable, environmentally responsible manner.

As demonstrated in OUC’s Need for Power Application and pre-filed testimony, Stanton B is needed to maintain electric system reliability and integrity by the summer of 2010, when OUC’s reserve margin would fall below its reserve margin criteria if Stanton B is not constructed. Stanton B is a unique opportunity for OUC, as OUC and its partners will receive federal cost-sharing through the United States Department of Energy’s Clean Coal Power Initiative for the project. Stanton B will be capable of operating on either coal derived syngas or natural gas, and will provide numerous benefits to the State of Florida and US power generation as a whole.

Stanton B is the most cost-effective alternative available to OUC based on a comprehensive analysis of various supply-side technologies (including conventional, advanced,

renewable, emerging, energy storage, and distributed generation technologies) under base case and numerous sensitivity scenario assumptions related to fuel forecasts, load and energy growth, capital costs, and emissions allowance prices, among others. Based on the detailed economic analysis, Stanton B was found to be more cost-effective than any other capacity resource. Additionally, OUC considered in excess of 180 demand-side management measures, and none were found to mitigate the need for Stanton B. OUC has also demonstrated that a delay in the commercial operation date of Stanton B (beyond June 2010) would result in reduced reliability and increased system costs.

Stanton B will help OUC to further diversify its fuel supply portfolio. The unit will gasify subbituminous Powder River Basin (PRB) coal, which represents a very abundant source of coal in the United States. In addition to increasing fuel diversity, Stanton B will operate at very low emission rates for coal fired generation. Moreover, the DOE selection of Stanton B for federal cost sharing indicates the importance of the proposed project in the long-term energy strategy for the United States.

For these and other reasons discussed in more detail in OUC's Need for Power Application and the related pre-filed testimony, the Commission should grant a favorable determination of need for Stanton B.

D. STATEMENT OF ISSUES AND POSITIONS

The following are OUC'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 Stanton B generating unit, taking into account the need for electric system reliability and integrity, as this criterion is used in Section 403.519, Florida Statutes?

OUC: Yes. OUC needs Stanton B to satisfy forecast capacity requirements to maintain its 15 percent reserve margin beginning in the summer of 2010. Stanton B will also increase OUC's fuel diversity through gasification of subbituminous Powder River Basin coal and its capability to burn natural gas as well.

Witnesses: Frederick F. Haddad Jr. and Myron Rollins

ISSUE 2: **Is there a need for the proposed Stanton B generating unit, taking into account the need for adequate electricity at a reasonable cost, as this criterion is used in Section 403.519, Florida Statutes?**

OUC: Yes. Stanton B was identified as the most cost-effective unit addition available to OUC. To increase reliability, Stanton B will be capable of operating on either coal-derived syngas or natural gas, and OUC has contractual reliability guarantees from Southern Power Company – Orlando Gasification LLC for the Stanton B gasifier.

Witnesses: Frederick F. Haddad Jr. and Bradley E. Kushner

ISSUE 3: **Are there any conservation measures taken by or reasonably available to OUC which might mitigate the need for the proposed Stanton B generating unit?**

OUC: No. The Need for Power Application presents an analysis of over 180 demand-side management (DSM) measures, each of which were evaluated using the Florida Integrated Resource Evaluator (FIRE) model. None of the measures passed the Rate Impact Test (RIM), which the Commission has accepted as appropriate for evaluating DSM measures.

Witness: Bradley E. Kushner

ISSUE 4: Is the proposed Stanton B generating unit the most cost-effective alternative available, as this criterion is used in Section 403.519, Florida Statutes?

OUC: Yes. Stanton B is the most cost-effective alternative available to OUC to satisfy forecast capacity requirements beginning in summer 2010. This determination was made by conducting comprehensive, detailed economic analyses of OUC's system considering numerous other available generating and DSM alternatives.

Witnesses: Bradley E. Kushner and Myron Rollins

ISSUE 5: Based on the resolution of the foregoing issues, should the Commission grant OUC's petition to determine the need for the proposed Stanton B generating unit?

OUC: Yes. The Commission should grant the petition for determination of need for Stanton B. There are no cost-effective supply-side alternatives, nor any cost-effective DSM or conservation measures available to mitigate the need for the unit. Stanton B will also demonstrate new technology with the support of the United States Department of Energy.

Witnesses: Nelson Rekos, Randall Rush, Frederick F. Haddad, Jr., Eric Fox, Seth Schwartz, Chris Klausner, Bradley E. Kushner, Thomas Washburn, John E. Hearn, and Myron Rollins

E. STIPULATED ISSUES

None at this time.

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

None at this time.

G. PENDING REQUESTS OR CLAIMS FOR CONFIDENTIALITY

Southern Power Company – Orlando Gasification LLC’s request for confidential classification of certain specified information in OUC’s Need for Power Application, with the agreement and consent of OUC, filed February 22, 2006.

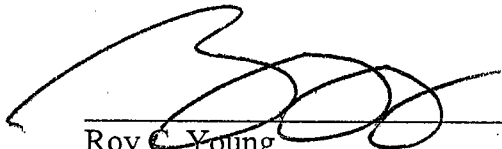
H. REQUIREMENTS OF ORDER ESTABLISHING PROCEDURE

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

I. OBJECTIONS TO WITNESS QUALIFICATIONS

None at this time.

Respectfully submitted this 14th day of April, 2006.



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Attorneys for Orlando Utilities Commission

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been served by hand delivery this 14th day of April, 2006, on the following:

Martha Carter Brown
Staff Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399

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c/o Holland & Knight Law Firm
Bruce May
P. O. Drawer 810
Tallahassee, FL 32302



Roy C. Young, Attorney