

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition for determination of need for
Seminole Generating Station Unit 3 electrical
power plant in Putnam County, by Seminole
Electric Cooperative, Inc.

DOCKET NO. 060220-EC
DATED: MAY 15, 2006

STAFF'S PREHEARING STATEMENT

Pursuant to Order No. PSC-06-0247-PCO-EC, filed March 23, 2006, the Staff of the Florida Public Service Commission files its Prehearing Statement.

a. All Known Witnesses

None for staff

b. All Known Exhibits

None for staff at this time.

c. Staff's Statement of Basic Position

Staff's positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff's final positions will be based upon all the evidence in the record and may differ from the preliminary positions stated herein.

d. Staff's Position on the Issues

ISSUE 1: Is there a need for the proposed Seminole Generating Station Unit 3, taking into account the need for electric system reliability and integrity, as this criterion is used in Section 403.519, Florida Statutes?

POSITION: Yes. Seminole Electric Cooperative Inc. has a need for additional capacity by May 2012, the in-service date of SGS Unit 3. Seminole has two principal reliability criteria: (1) a minimum reserve margin of 15% during the peak season, and (2) a 1% Equivalent Unserved Energy (EUE) limitation. Seminole has based its capacity need and economic assessments for this determination of need on serving seven of the ten member cooperatives that have already signed contract extensions. Seminole's need assessment process demonstrated that, in order to meet Seminole's established reliability criteria, over 1200 MW of additional capacity will be needed in 2012. Without the SGS Unit 3 capacity and additional purchased power, Seminole's reserve margin would decrease below 15 percent in

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2012. The SGS Unit 3 addition allows Seminole to maintain a minimum 15 percent Reserve Margin.

ISSUE 2: Is there a need for the proposed Seminole Generating Station Unit 3, taking into account the need for adequate electricity at a reasonable cost, as this criterion is used in Section 403.519, Florida Statutes?

POSITION: Yes. As discussed in Issue 1, SGS Unit 3 will contribute to the reliability of Seminole's system. Also, the results of Seminole's resource planning analyses show that the economics favor a pulverized coal unit over combustion turbine (CT), combined cycle, or nuclear when a generator is needed to run more than approximately 70 percent of the time. With current projections, SGS Unit 3 is expected to provide adequate electricity at a reasonable cost.

ISSUE 3: Is the proposed Seminole Generating Station Unit 3 the most cost-effective alternative available, as this criterion is used in Section 403.519?

POSITION: Yes. The economic and financial assumptions are reasonable, and the SGS Unit 3 appears to be the most cost-effective alternative over the 25 years during which Seminole's ratepayers will be obligated for the cost of the unit.

ISSUE 4: Are there any conservation measures taken by or reasonably available to Seminole Electric Cooperative, Inc. which might mitigate the need for the proposed power plant?

POSITION: No. There are no conservation measures reasonably available to Seminole which might mitigate the need for the proposed power plant.

ISSUE 5: Based on the resolution of the foregoing issues, should the Commission grant Seminole Electric Cooperative, Inc.'s petition to determine the need for the proposed Seminole Generating Station Unit 3?

POSITION: Yes. Seminole's petition for determination of need for SGS Unit 3 meets the statutory requirement of Section 403.519, Florida Statutes, as discussed in prior issues. Seminole should continue to monitor the cost-effectiveness of SGS Unit 3 prior to committing substantial capital dollars.

ISSUE 6: Should this docket be closed?

POSITION: Yes. When the Commission has issued its final order in the case and the time for reconsideration has passed, this docket should be closed.

e. Pending Motions

There are no pending motions.

f. Pending Confidentiality Claims or Requests

There are no pending confidentiality requests.

g. Compliance with Order No. PSC-06-0247-PCO-EC

Staff has complied with all requirements of the Order Establishing Procedure entered in this docket.

Respectfully submitted this 15th day of May, 2006.



MARTHA CARTER BROWN, STAFF COUNSEL

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Staff's Prehearing Statement was
furnished to the following, by U.S. Mail and Electronic Mail, on this 15th day of May, 2006.

Seminole Electric Cooperative, Inc. Mr. Timothy Woodbury Post Office Box 272000 Tampa, FL 33688-2000	Squire, Sanders Law Firm Charles A. Guyton 215 South Monroe Street, Suite 601 Tallahassee, FL 32301-1804
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