

ORIGINAL

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Sent: Friday, December 08, 2006 4:35 PM
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Cc: patrice simms; gary perko; Jennifer Brubaker; carolyn raepple; leon jacobs; brett paben; Katherine Fleming; Armstrong, Brian
Subject: NRDC Prehearing Statement
Attachments: 5674a.doc

- a. Person responsible for filing
 Suzanne Brownless
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- b. Docket No. 060635-EU
 In re: Petition to determine need for electrical power plant in Taylor County
- c. Document filed on behalf of the National Resources Defense Council
- d. There are a total of 10 (ten) pages
- e. The document attached is: National Resources Defense Council's Prehearing Statement

Thanks,

Suzanne Brownless
Attorney for NRDC

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 OTH Kim R

DOCUMENT NUMBER-DATE
 11271 DEC-8 8
 FPSC-COMMISSION CLERK

12/8/2006

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Petition for Determination of Need for electrical power plant in Taylor County by Florida Municipal Power Agency, JEA, Reedy Creek Improvement District, and the City of Tallahassee.

DOCKET NO. 060635-EU
FILED: December 8, 2006

NATIONAL RESOURCES DEFENSE COUNCIL'S
PREHEARING STATEMENT

The National Resources Defense Council (NRDC), pursuant to Order No. PSC-06-0819-PCO-EU, files its Prehearing Statement in this case and states as follows:

A. All known witnesses

Witness

Subject Matter

Dale Bryk (NRDC)

Alternatives to pulverized coal plant, demand side management (DSM).

Daniel Lashoff (NRDC)

Impact of CO₂ regulation, alternatives to coal plant.

*Steve Urse (BBCAT)

City of Tallahassee's use of DSM, purchase of biomass power.

*Stephen A. Smith (SACE)

Construction costs, DSM cost effectiveness tests, biomass alternatives, CO₂ allowance costs.

* NRDC has adopted the testimony of these witnesses.

NRDC reserves 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 witnesses necessary for authentication and impeachment.

B. Exhibits

DOCUMENT NUMBER-DATE

11271 DEC-8 8

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<u>Exhibit</u>	<u>Witness</u>	<u>Description</u>
Ex. ____ (DB-1)	Bryk	The Energy Foundation, The Hewlett Foundation, <i>Portfolio Management: Protecting Customers in an Electric Market that Isn't Working Very Well</i> , July, 2002.
Ex. ____ (DB-2)	Bryk	Synapse Energy Economics, Inc., <i>Portfolio Management: How to procure electricity resources to provide reliable, low-cost and efficient electricity services to all retail customers</i> , October 10, 2003
Ex. ____ (DB-3)	Bryk	The Energy Foundation, The Hewlett Foundation, <i>California's Secret Energy Surplus, The Potential for Energy Efficiency</i> , September 23, 2002.
Ex. ____ (DAL-1)	Lashof	Resume
Ex. ____ (DAL-2)	Lashof	Synapse Energy Economics, Inc., <i>Climate Change and Power: Carbon Dioxide Emissions Costs and Electricity Resource Planning</i> , May 18, 2006.
Ex. ____ (DAL-3)	Lashof	Freese, B. and S. Clemmer, <i>Gambling with Coal: How Further Climate Laws Will Make New Coal Power Plants More Expensive</i> , September, 2006.
Ex. ____ (DAL-4)	Lashof	Bokenkamp, K., LaFlash, H., Singh, V. and Wang, D., <i>Hedging Carbon Risk: Protecting Customers and Shareholders from the Financial Risk Associated with Carbon Dioxide Emissions</i> , The Electricity Journal, Vol. 18, Issue 6, July, 2005.
Ex. ____ (DAL-5)	Lashof	Stern Review: The Economics of Climate Change.
Ex. ____ (DAL-6)	Lashof	Hawkins, D., Lashof, D. and Williams, R., <i>What to do about Coal</i> , Scientific American, Sept., 2006.
Ex. ____ (DAL-7)	Lashof	Testimony of Daniel A. Lashof, Hearing on Rebalancing the Carbon Cycle, Committee on Government Reform, Subcommittee on Energy and Resources, House of Representatives, Sept. 27, 2006 .

Ex. ____ (SU-1)	Urse	Resume
Ex. ____ (SU-2)	Urse	Potential Impact of DSM- Total Plan Costs
Ex. ____ (SU-3)	Urse	Capacity Need Deferred by DSM
Ex. ____ (SU-4)	Urse	Potential Impact of BG&E on Selected Cases
Ex. ____ (SU-5)	Urse	Biomass Impact on Resource Plan Cost
Ex. ____ (SU-6)	Urse	Evaluation of Biomass Options
Ex. ____ (SU-7)	Urse	Tallahassee IRP Update
Ex. ____	Applicants	Responses to NRDC's First Set of Interrogatories Nos. 10-26 to Applicants

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

C. Basic Position

Due to the fact that the Applicants have not appropriately evaluated demand side management programs and the cost of CO₂ allowances, the Applicants have failed to prove that the Taylor Energy Center (TEC) represents the least cost alternative available to meet their identified need.

D. Statement of Issues and Positions

ISSUE 1: Is there a need for the proposed Taylor Energy Center (TEC) generating unit, taking into account the need for electric system reliability and integrity, as this criterion is used in Section 403.519, Florida Statutes?

POSITION: No.

ISSUE 1A: Is there a need for the proposed Taylor Energy Center (TEC) generating unit, taking into account the need for electric system reliability and integrity with regard to JEA, as this criterion is used in Section 403.519, Florida Statutes?

POSITION: No.

ISSUE 1B: Is there a need for the proposed Taylor Energy Center (TEC) generating unit, taking into account the need for electric system reliability and integrity with regard to FMPA, as this criterion is used in Section 403.519, Florida Statutes?

POSITION: No.

ISSUE 1C: Is there a need for the proposed Taylor Energy Center (TEC) generating unit, taking into account the need for electric system reliability and integrity with regard to the City of Tallahassee, as this criterion is used in Section 403.519, Florida Statutes?

POSITION: No.

ISSUE 1D: Is there a need for the proposed Taylor Energy Center (TEC) generating unit, taking into account the need for electric system reliability and integrity with regard to RCID, as this criterion is used in Section 403.519, Florida Statutes?

POSITION: No.

ISSUE 2: Is there a need for the proposed TEC 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?

POSITION: No.

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

POSITION: No.

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

POSITION: No.

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

POSITION: No.

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

POSITION: No.

ISSUE 3: Is there a need for the proposed TEC generating unit, taking into account the need for fuel diversity and supply reliability, as this criterion is used in Section 403.519, Florida Statutes?

POSITION: The NRDC recognizes in principle the value of fuel diversity in the state's current generation mix. However, fuel diversity would be better served by an IGCC unit. Diversity should also include serious consideration of renewable sources of energy.

ISSUE 3A: Does the TEC generating unit provide for fuel diversity and supply reliability on JEA's system, as this criterion is used in Section 403.519, Florida Statutes?

POSITION: No.

ISSUE 3B: Does the TEC generating unit provide for fuel diversity and supply reliability on FMPA's system, as this criterion is used in Section 403.519, Florida Statutes?

POSITION: No position at this time.

ISSUE 3C: Does the TEC generating unit provide for fuel diversity and supply reliability on City of Tallahassee's system, as this criterion is used in Section 403.519, Florida Statutes?

POSITION: No position at this time.

ISSUE 3D: Does the TEC generating unit provide for fuel diversity and supply reliability on RCID's system, as this criterion is used in Section 403.519, Florida Statutes?

POSITION: No position at this time.

ISSUE 4: Are there any conservation measures taken by or reasonably available to the Florida Municipal Power Agency, JEA, Reedy Creek Improvement District, and City of Tallahassee (Applicants) which might mitigate the need for the proposed TEC generating unit?

POSITION: Yes, due to the fact that the total benefits of DSM opportunities and total cost of the proposed TEC generating unit have not been adequately evaluated in the economic analyses conducted by the Applicants.

ISSUE 4A: Are there any conservation measures taken by or reasonably available to FMPA which might mitigate the need for the proposed TEC generating unit?

POSITION: Yes.

ISSUE 4B: Are there any conservation measures taken by or reasonably available to JEA which

might mitigate the need for the proposed TEC generating unit?

POSITION: Yes.

ISSUE 4C: Are there any conservation measures taken by or reasonably available to the City of Tallahassee which might mitigate the need for the proposed TEC generating unit?

POSITION: Yes.

ISSUE 4D: Are there any conservation measures taken by or reasonably available to RCID which might mitigate the need for the proposed TEC generating unit?

POSITION: Yes.

ISSUE 5: Does the proposed TEC generating unit include the costs for the environmental controls necessary to meet current and reasonably anticipated state and federal environmental requirements?

POSITION: No.

ISSUE 5A: Have the Applicants appropriately evaluated the cost of CO₂ emission allowances in their economic analyses?

POSITION: No.

ISSUE 5B: Have the Applicants appropriately evaluated the cost of compliance with mercury, NO₂ and SO₂ particulate emission and other applicable environmental and public health standards?

POSITION: No.

ISSUE 5C: Have the Applicants appropriately evaluated compliance costs associated with the Clean Air Interstate Rule (CAIR) and Clean Air Mercury Rule (CAMR) standards?

POSITION: No position at this time.

ISSUE 6: Is the proposed TEC generating unit the most cost effective alternative available, as this criterion is used in Section 403.519, Florida Statutes?

POSITION: No.

ISSUE 6A: Is the proposed TEC generating unit the most cost effective alternative available for JEA, as this criterion is used in Section 403.519, Florida Statutes?

POSITION: No.

ISSUE 6B: Is the proposed TEC generating unit the most cost effective alternative available for FMPA, as this criterion is used in Section 403.519, Florida Statutes?

POSITION: No.

ISSUE 6C: Is the proposed TEC generating unit the most cost effective alternative available for the City of Tallahassee, as this criterion is used in Section 403.519, Florida Statutes?

POSITION: No.

ISSUE 6D: Is the proposed TEC generating unit the most cost effective alternative available for the City of Tallahassee, as this criterion is used in Section 403.519, Florida Statutes?

POSITION: No.

*ISSUE 6E: Are the projected purchase prices and transportation costs for natural gas and coal used in the IRP reasonable?

POSITION: No position at this time.

*ISSUE 6F: Are TEC's estimated construction costs reasonable?

POSITION: No position at this time.

*ISSUE 6G: Have the Applicants requested available funding from DOE to construct an IGCC unit or other cleaner coal technology?

POSITION: No.

*ADDITIONAL ISSUE: Has each Applicant secured final approval of its respective governing body for the construction of the proposed TEC generating unit?

POSITION: No.

*ADDITIONAL ISSUE: Is Commission approval of the need for the TEC generating unit consistent with the requirements of §366.81, Florida Statutes?

POSITION: No.

*ADDITIONAL ISSUE: Should the Applicants be required to report to the Commission substantial revisions to capital costs and O&M costs which were not projected in the application, but which must be incurred at the time the plant becomes operational, and should the Applicants be required to analyze these "actual" costs in a least cost analysis?

POSITION: Yes.

* These are issues which have been raised by the parties to which the Applicants have objected.

ISSUE 7: Based on the resolution of the foregoing issues, should the Commission grant the Applicants' petition to determine the need for the proposed TEC generating unit?

POSITION: No.

ISSUE 8: Should this docket be closed?

POSITION: This docket should be closed when the Commission has issued its final order and all motions for reconsideration have been disposed of.

E. Stipulated Issues

None.

F. Pending Motions and Other Matters Upon Which Action Is Sought

Applicants' Motion to Strike Certain Issues of Disputed Fact Raised in Petition to Intervene - Dianne V. Whitfield, Carole E. Taitt, John C. Whitton, Jr., filed November 20, 2006.

Applicants' Motion to Strike Certain Issues of Disputed Fact Raised in the Sierra Club's Petition to Intervene, filed on November 9, 2006.

Motion to Strike [issues raised in Rebecca J. Armstrong's Petition] filed by Applicants on October 16, 2006.

Applicants' Motion to Strike Certain Issues of Disputed Fact Raised in the NRDC's Petition to Intervene, filed on November 22, 2006.

Applicants' Motion to Strike Certain Issues of Disputed Fact [Viegbesie], filed on November 22, 2006.

Request for Oral Argument on Motion to Strike [Whitfield's petition], filed on November 20, 2006.

Request for Oral Argument on Motion to Strike [NRDC's petition], filed on November 22, 2006.

Request for Oral Argument on Motion to Strike [Viegbesie's petition], filed on November 22, 2006.

G. Pending Requests or Claims for Confidentiality

None.

H. Objections to Witness Qualifications

None.

I. Requirements of Order Establishing Procedure

At this time NRDC is unaware of any requirements of the Order Establishing Procedure with which it cannot comply.

Respectfully submitted this 8th day of December, 2006 by:

/s/

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been provided by electronic mail as listed and U.S. Mail, this 8th day of December, 2006 to the following:

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