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Hopping Green & Sams

Attorneys and Counselors

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December 12, 2006

COMMISSION CLERK

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Blanca Bayó
Director, Division of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

Re: Docket No. 060635-EU

Dear Ms. Bayó:

On behalf of Florida Municipal Power Agency (FMPA), JEA, Reedy Creek Improvement District (RCID) and City of Tallahassee (collectively, the "Applicants"), I enclose for filing in the above docket the original and fifteen (15) copies of the following:

- Applicant's Motion For Leave to File Supplemental Testimony; and
- Pre-filed Supplemental Direct Testimony of Bradley E. Kushner and Exhibit Nos. ___ (BEK-2R) and ___ (BEK-3R).

I also have included a diskette containing the testimony in Microsoft Word Format. By copy of this letter, the enclosed documents have been furnished to the parties on the attached certificate of service.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this

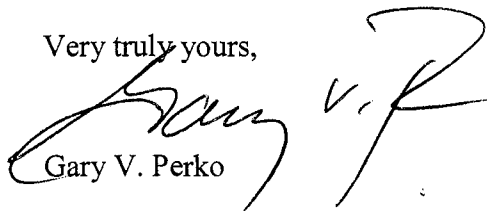
CMP _____ letter and returning it to me. If you have any questions regarding this filing, please give me a
COM 5 call at 425-2359.

CTR original
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 OTH + cover Hr.

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FPSC-BUREAU OF RECORDS

Very truly yours,



Gary V. Perko

Counsel for Florida Municipal Power Agency,
JEA, Reedy Creek Improvement District and
City of Tallahassee

Suppl. Testimony
DOCUMENT NUMBER-DATE

11359 DEC 12 06

FPSC-COMMISSION CLERK

Motion
DOCUMENT NUMBER-DATE

11357 DEC 12 06

FPSC-COMMISSION CLERK

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Applicant's Motion for Leave to File Supplemental Testimony and Pre-filed Supplemental Direct Testimony of Bradley E. Kushner and Exhibit Nos. __ (BEK-2R) and __ (BEK-3R) was served upon the following by electronic mail (*) or U.S. Mail(**) on this 12th day of December, 2006:

Brian P. Armstrong, Esq.*
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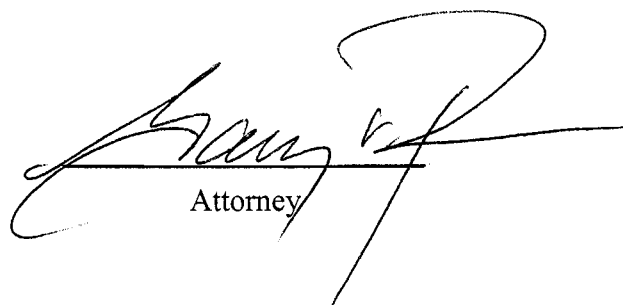
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Buck Oven**
Michael P. Halpin
Department of Environmental Protection
2600 Blairstone Road MS 48
Tallahassee, FL 32301



Attorney

BEFORE THE 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 City of Tallahassee.

DOCKET NO. 060635-EU

FILED: December 12, 2006

**MOTION FOR LEAVE TO FILE SUPPLEMENTAL TESTIMONY
AND EXHIBITS OF BRADLEY E. KUSHNER**

Florida Municipal Power Agency (FMPA), JEA, Reedy Creek Improvement District (RCID) and City of Tallahassee (collectively, the "Applicants"), pursuant to Rule 28-106.204, Florida Administrative Code (F.A.C.) hereby move for leave to file the supplemental direct testimony of Bradley E. Kushner and Exhibit Nos. ___ (BEK-2R) and ___ (BEK-3R) proffered herewith. In support of its motion, the Applicants state:

1. On September 19, 2006, the Applicants filed their Need for Power Application (Exhibit No. ___ (TEC-1), as well as pre-filed direct testimony and exhibits in support of the application. Section A.3.5 of the application and the pre-filed testimony of Paul Hoornaert provided a capital cost estimate of for the Taylor Energy Center (TEC).

2. In light of changing market conditions observed nationwide, the Applicants have updated the capital cost estimate to account for market impacts on the costs of major equipment and labor, and to include costs for certain project scope changes. The updated capital cost estimate, which reflects a 19.01% increase over the original estimate, was presented in the Applicants' Responses to Staff's Second Set of Interrogatories (No. 58),

DOCUMENT NUMBER-DATE

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which were provided to all parties by electronic mail and U.S. mail on November 20, 2006. (Pertinent excerpts provided as Attachment "A" hereto). The updated cost estimate is further explained in the rebuttal testimony of Mr. Hoornaert and Mr. Kushner filed in this docket and provided to all of the parties on November 21, 2006. In addition, the updated cost estimate was discussed before the Commission on November 21, 2006, during the oral argument on the Sierra Club's motion for reconsideration of Order No. No. PSC-06-0903-PCU-EU in this docket.

3. As discussed in the Applicants' Response to Staff Interrogatory No. 58, and Mr. Kushner's rebuttal testimony, the 19.01% percent increase reflected in the updated capital cost estimate falls with a "high capital" cost estimate sensitivity analysis provided in the Application. That sensitivity analysis indicated that TEC is the most cost-effective alternative for each Applicant notwithstanding a 20% increase in capital costs. Additionally, as further explained in Mr. Kushner's rebuttal testimony, because estimated costs for alternatives to TEC have also increased (as discussed in the rebuttal testimony of Christopher Klausner filed November 21, 2006), the results of the high capital cost sensitivity may be translated directly to the other sensitivity scenarios presented in the Application because the updated capital cost estimate will not affect the balance of system production costs.

4. In order to provide the Commission with the most up-to-date specific information available, Mr. Kushner has updated the original economic analyses presented in his pre-filed testimony using the updated capital cost estimate as the starting point.

The quantitative results of those analyses, which are consistent with the statement in Mr. Kushner's rebuttal testimony, are included in the supplemental direct testimony and revised Exhibit Nos. ___ (BEK-2R) and ___ (BEK-3R) submitted with this motion.¹ The updated results are presented in the same form as in Mr. Kushner's original pre-filed direct testimony and exhibits.

5. Granting leave to file Mr. Kushner's supplemental direct testimony and revised exhibit will not prejudice any of the parties to this proceeding. As discussed above, the parties already have been advised of the updated capital cost estimate and its effect on the economic analyses presented in the Application. Moreover, Mr. Kushner's supplemental testimony is being submitted to the parties a week before his deposition scheduled for December 19, 2006, and twenty-two days prior to the close of discovery in this proceeding. Thus, the parties have adequate opportunity to conduct discovery regarding the updated analyses.

6. In accordance with Rule 28-106.204(3), F.A.C., counsel for the Applicants has attempted to contact counsel for all of the parties to this proceeding. Staff counsel takes no position on the motion. Counsel for John Carl Whitton, Jr., reserves the right to object to this motion. Counsel for the Sierra Club, Inc, John Hedrick and Brian Lupiani, does not object to the granting of this motion. Undersigned counsel was unable to reach

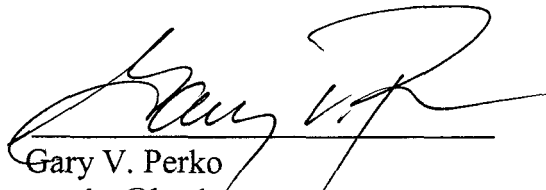
¹ Exhibit No. ___ (BEK-2R) is a revised version of Exhibit No. ___ (BEK-2) to Mr. Kushner's pre-filed direct testimony. It is a series of graphs presenting the results of the base case economic analysis for each Applicant taking into consideration the increased capital costs of the supply-side alternatives. Exhibit No. ___ (BEK-3R) is a revised version of Exhibit No. ___ (BEK-3) to Mr. Kushner's pre-filed direct testimony. It is a series of tables presenting the results of additional economic analyses performed for each Participant taking into account the increased capital costs for the supply-side alternatives.

counsel for the Natural Resources Defense Council (NRDC) and counsel for Rebecca Armstrong and Dr. Anthony Viegbesie to determine their positions on the motion.

WHEREFORE, Florida Municipal Power Agency (FMPA), JEA, Reedy Creek Improvement District (RCID) and City of Tallahassee (collectively, the "Applicants") respectfully request leave to file the supplemental direct testimony of Bradley E. Kushner and revised Exhibit Nos. ___ (BEK-2R) and ___ (BEK-3R) proffered with this motion for inclusion in the record at the Commission's hearing in this docket.

RESPECTFULLY SUBMITTED this 12th day of December, 2006.

HOPPING GREEN & SAMS, P.A.



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Attorneys for Florida Municipal Power Agency,
JEA, Reedy Creek Improvement District, and
the City of Tallahassee

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Motion for Leave to File Supplemental Testimony and Exhibits of Bradley W. Kushner in Docket No. 060635-EU was served upon the following by electronic mail(*) or U.S. Mail(**) on this 12th day of December, 2006:

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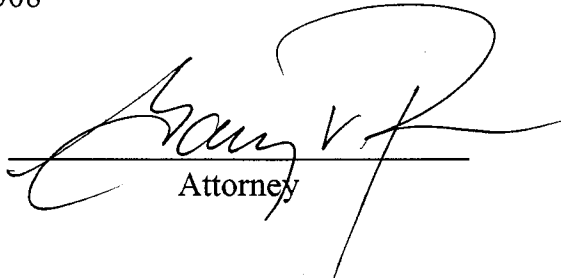
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Tallahassee, FL 32301



Attorney

BEFORE THE 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 City of Tallahassee.

DOCKET NO. 060635-EU

SERVED: November 20, 2006

FLORIDA MUNICIPAL POWER AGENCY, JEA, REEDY CREEK IMPROVEMENT DISTRICT AND CITY OF TALLAHASSEE'S RESPONSES TO STAFF'S SECOND SET OF INTERROGATORIES TO FLORIDA MUNICIPAL POWER AGENCY, JEA, REEDY CREEK IMPROVEMENT DISTRICT, AND THE CITY OF TALLAHASSEE (NOS. 14 - 73)

Florida Municipal Power Agency (FMPA), JEA, Reedy Creek Improvement District (RCID) and the City of Tallahassee (Tallahassee), collectively referred to as the Participants, pursuant to Rule 28-106.206, Florida Administrative Code, and Rule 1.340, Florida Rules of Civil Procedure, hereby respond to Staffs Second Set of Interrogatories (Nos. 14-73).

INTERROGATORIES

14. Witness Paul Arsuaga discusses the adjustments made to the two bids received from Southern Company in response to the Participants' request for proposals (RFP). (See page 6) Please provide a detailed explanation of these cost adjustments. Were these adjustments consistent with the costs included for the TEC cost estimate? Please provide an estimate of the total dollar impact of the cost adjustments to Southern's bids.

Response: The adjustments to the Southern Company (Southern) coal fueled alternative included the following:

- a. In Section A-3.4(c) and (d) of Attachment A to the proposal, Southern identified interconnection costs of approximately \$10 million and estimated transmission upgrade cost of \$115 million (in 2005 dollars) which were not included in the proposed price. These costs were added to the proposal and amortized over a 20-year period.
- b. Certain costs were added to Southern's proposal to be consistent with the Self-Build Proposal including initial oil fill, (Attachment A-1.10), purchase of site (Attachment A-1.2), site permits (Attachment A-1.2), rail access (Attachment A-1.2), and right of way (Attachment A-1.2). Based on discussions with Sargent & Lundy these costs, which were included in the Self-Build Resource proposal, were estimated to total \$41.5 million (in 2005 dollars). These capital costs were added to the Southern proposal and amortized over a 20-year period.
- c. The Southern proposal did not include costs for emission allowances (reference Section A-1.11, Attachment A). Emissions allowance costs were assumed to be \$1,100 per ton for SO₂ and \$2,350 per ton for NO_x (in 2006 dollars).

58. What is the status of the preliminary engineering and specification of major TEC plant components, as discussed on page 9 of Witness Hoornaert's testimony? Please provide any updates on cost estimates from the preliminary engineering study and specification of major plant components.

Response: Preliminary engineering is being performed to the level needed to support permitting. Specifications for the major equipment components are in the early stages of development.

Sargent & Lundy has updated the capital cost estimate for TEC. The updated TEC capital cost estimate is presented below in a manner consistent with the information provided in Table A.3-5 of Section A.3.0 of the TEC Need for Power Application.

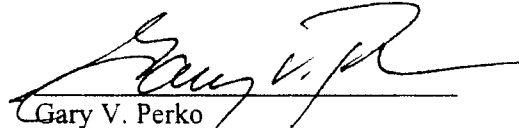
Description	Updated Cost
Base Estimate	\$1,704,378,000
Owner's Costs	\$138,762,000
Land	\$19,440,000
Community Contribution Lump Sum	\$17,000,000
Owner's AFUDC ⁽¹⁾	<u>\$159,494,000</u>
Total Installed Cost – May 2012 COD	\$2,039,074,000

⁽¹⁾AFUDC calculated based on all components of capital cost estimate, including the base estimate, owner's costs, land, and community contribution.

The updated total installed cost shown in the table above represents an increase of slightly more than 19 percent as compared to the total installed cost estimate presented in Table A.3-5 of Section 3.0 of the TEC Need for Power Application. The high capital cost sensitivity scenario discussed in Section 6.0 of Volumes B through E of the TEC Need for Power Application contemplated an increase in capital costs of 20 percent. Given the proximity of the updated TEC capital cost to that assumed in the high capital cost sensitivity, and the results of the high capital cost sensitivity that indicated TEC was still the least-cost alternative for each Participant, the relative economics of participation in TEC for each Participant will not be affected by the updated capital cost estimate presented in the table above. The results of the high capital cost sensitivity may be translated directly to the other sensitivity scenarios presented in the TEC Need for Power Application because the revision to the capital cost of TEC will not affect the balance of system production costs. That is, since TEC was shown to be cost-effective for each Participant under the high capital cost sensitivity, the relative economics of the other sensitivities will not be significantly affected by consideration of the high capital cost than originally used in the sensitivity analyses.

PARTICIPANTS' RESPONSES TO STAFF'S
SECOND SET OF INTERROGATORIES (NOS. 14-73)
DOCKET NO. 060007-EI
PAGE 28

Respectfully submitted this 20th day of November, 2006.



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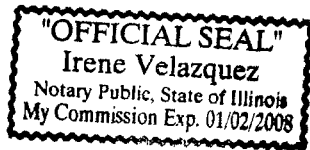
AFFIDAVIT

STATE OF ILLINOIS)

COUNTY OF COOK

I hereby certify that on this 17th day of November, 2006, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Paul Hoornaert, who is personally known to me, and he/she acknowledged before me that he/she provided the answers to interrogatory numbers 20, 57, and 58 from STAFF'S SECOND SET OF INTERROGATORIES TO FLORIDA MUNICIPAL POWER AGENCY, JEA, REEDY CREEK IMPROVEMENT DISTRICT, and the CITY OF TALLAHASSEE (NOS. 14-73) in Docket No. 060635-EU, and that the responses are true and correct based on his/her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 17th day of November, 2006.



Irene Velazquez
Notary Public
State of Illinois, at Large

My Commission Expires: 01/02/2008