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Hopping Green & Sams

Attorneys and Counselors

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COMMISSION
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(850) 425-2359

December 26, 2006

BY HAND DELIVERY

Blanca Bayó
Director, Office of the Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 060635-EU
Petition to Determine Need for an Electrical Power Plant in Taylor County by
Florida Municipal Power Agency, JEA, Reedy Creek Improvement District and
City of Tallahassee

Dear Ms. Bayó:

On behalf of Florida Municipal Power Agency, JEA, Reedy Creek Improvement District
and City of Tallahassee, I have enclosed for filing the original and fifteen copies of the
following:

- Supplemental Testimony of Paul Hoornaert; 11732-06
- Supplemental Testimony of Chris J. Klausner; 11733-06
- Revised Direct Testimony of Michael Neill Lawson; 11734-06
- Revised Rebuttal Testimony of Bradley E. Kushner; 11735-06
- Revised Rebuttal Testimony of Ryan J. Pletka; 11737-06
- Revised Rebuttal Testimony of Myron Rollins; and 11738-06
- Revised Page 6 of 6 of Exhibit No. ___ [BEK-3R] of Supplemental Testimony of Bradley E. Kushner 11736-06

CMP _____

COM 5

CTR 073

ECR DISKETTE

GCL 1

OPC _____

RCA _____

SCR _____

SGA _____

SEC 1

OTH _____

Please acknowledge receipt and filing of the above by stamping the enclosed extra copies
of the testimony and returning them to me. If you have any questions concerning this filing,
please contact me at 425-2359.

Thank you for your assistance in connection with this matter.

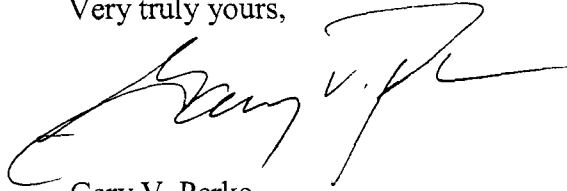
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FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

Ms. Blanca Bayó
December 26, 2006
Page 2

Very truly yours,

A handwritten signature in black ink, appearing to read "Gary V. Perko". The signature is fluid and cursive, with a large initial "G" and a long horizontal stroke extending to the right.

Gary V. Perko
Carolyn S. Raepfle
Virginia C. Dailey

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

cc: Certificate of Service

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the documents described above in Docket No. 060635-EU have been furnished by electronic mail (*) or U.S. Mail on this 26th day of December, 2006:

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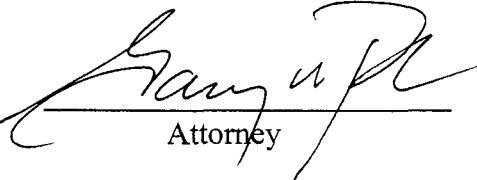
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Attorney

ORIGINAL

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
2 **SUPPLEMENTAL TESTIMONY OF PAUL HOORNAERT**
3 ON BEHALF OF
4 FLORIDA MUNICIPAL POWER AGENCY
5 JEA
6 REEDY CREEK IMPROVEMENT DISTRICT
7 AND
8 CITY OF TALLAHASSEE
9 DOCKET NO. 060635
10 **DECEMBER 26, 2006**

11
12 **Q. Please state your name and business address.**

13 A. My name is Paul Hoornaert. My business address is 55 East Monroe Street,
14 Chicago, IL, 60603.

15
16 **Q. By whom are you employed and in what capacity?**

17 A. I am employed by Sargent & Lundy, LLC as a Senior Project Manager, Fossil
18 Power Technologies.

19
20 **Q. Have you previously submitted testimony in this proceeding?**

21 A. Yes.

22

1 **Q. What is the purpose of your supplemental testimony?**

2 A. The purpose of my testimony is to provide updated capital cost estimates for the
3 TEC project.

4

5 **Q. Are you sponsoring an exhibit with your testimony?**

6 A. Yes. I am sponsoring Exhibit No. ____ (PH-1R), which provides an update to the
7 capital cost estimate summary included in Table A.3.5 in Section A.3.0 of the
8 TEC Need for Power Application (Exhibit No. __ (TEC-1).

9

10 **Q. Have you developed updated capital cost estimates for the TEC?**

11 A. Yes. In light of changing market conditions observed nationwide, we have
12 updated the TEC capital cost estimates to account for market impacts on the
13 costs of major equipment and labor. We also have included cost estimates for
14 mercury controls and certain additional items that the TEC Participants have
15 selected since the filing of my original testimony. We also have adjusted the
16 initial Community Contribution to account for changes in the structure of the
17 contribution that were agreed upon with Taylor County after my pre-filed
18 testimony was submitted.

19

20 **Q. How do the updated costs compare to the cost estimates presented in your
21 pre-filed testimony?**

22 A. As shown in Table A.3-5 of the TEC Need for Power Application, Exhibit No.
23 __ (TEC-1), the total capital costs for the TEC were originally estimated to be
24 \$1,713,399,000 in 2012 dollars. (My pre-filed testimony included a

1 typographical error on page 7, line 5, which states that the cost estimates were
2 \$1,743,399,000). As shown in Exhibit No. __ (PH-1R), which presents an
3 Updated Table A.3-5 of Exhibit No. __ (TEC-1), as a result of market impacts
4 and scope changes discussed above, the updated cost estimate is
5 \$2,039,074,000, which reflects an increase of approximately 19.01 percent from
6 the original estimate.

7

8 **Q. Why does your updated cost estimate include costs for mercury controls?**

9 A. As stated in my pre-filed testimony, mercury emissions from the TEC will be
10 reduced through the co-benefits of selective catalytic reduction (SCR), flue gas
11 desulfurization (FGD), and a wet electrostatic precipitator (WESP). Because
12 mercury controls for electric generation plants are relatively untested, however,
13 it is possible that additional controls may be necessary to comply with the
14 second phase of the Clean Air Mercury Rule (CAMR) discussed in pre-filed
15 testimony of Mr. Rollins. For that reason, the TEC Participants have agreed to
16 install additional controls if necessary to achieve a 90% reduction in TEC
17 mercury emissions by 2018, when CAMR's second phase begins. Although the
18 TEC Participants will implement a research program to determine if
19 SCR/FGD/WESP or other more cost-effective controls can achieve this level of
20 reduction, we have assumed that the only currently available mercury-specific
21 control, activated carbon injection (ACI), will be installed. My updated capital
22 cost estimate assumes that costs for ACI (approximately \$40,000,000) will be
23 incurred when the plant is constructed even though the TEC Participants

1 anticipate that additional mercury controls, if any, will not be needed until the
2 second phase of CAMR.

3

4 **Q. Does this conclude your rebuttal testimony?**

5 A. Yes.

UPDATED Table A.3-5
Updated Capital Cost Estimate Summary

Description	
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.