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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
REVISED DIRECT TESTIMONY OF MICHAEL NEILL LAWSON
ON BEHALF OF
FLORIDA MUNICIPAL POWER AGENCY
JEA
REEDY CREEK IMPROVEMENT DISTRICT
AND
CITY OF TALLAHASSEE
DOCKET NO. 060635-EU
DECEMBER 26, 2006

Q. Please state your name and address.

A. My name is Michael Neill Lawson. My business address is 21 West Church Street, Jacksonville, Florida 32202.

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

A. I am employed by JEA as a Project Manager.

Q. Please describe your responsibilities in that position.

A. I am responsible for all phases of project management from start of engineering through startup and commissioning for new projects.

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1 **Q. Please state your educational background and professional experience.**

2 A. I have a Bachelor's degree in Mechanical Engineering from the University of
3 Alabama in Huntsville. I am a registered Professional Engineer in the State of
4 Florida.

5
6 I have worked for JEA since 1983 and my responsibilities have included serving
7 as Lead Project Administrator and Contracts Administration Manager for the
8 St. Johns River Power Park, Construction Site Manager for the Northside
9 Repowering Project, Project Manager for the Brandy Branch Combined Cycle
10 Project, and my current position as Project Manager for the proposed Taylor
11 Energy Center (TEC). Prior to JEA, I worked in a variety of engineering
12 positions including Startup Engineer, Lead Project Engineer, and Plant
13 Engineer.

14
15 **Q. What is the purpose of your testimony in this proceeding?**

16 A. The purpose of my testimony is to discuss the proposed ownership structure of
17 the TEC, the decision not to pursue the bids received in response to the request
18 for proposals (RFP), and the Taylor Energy Center (TEC) Participants'
19 investigation of potential federal funding.

20
21 **Q. Have you prepared any exhibits to your testimony?**

22 A. Yes. Exhibit __[MNL-1] is a copy of my resume. And I am sponsoring Exhibit
23 ____ [MNL-2], which is a letter I sent to the Taylor County Board of County
24 Commissioners on March 10, 2006.

1 **Q. Are you sponsoring any sections of Exhibit __ [TEC-1], the TEC Need for**
2 **Power Application?**

3 A. Yes, I am sponsoring Section A.3.1, which was prepared under my direct
4 supervision.

5
6 **Q. Please briefly describe the proposed ownership structure for TEC.**

7 A. TEC is being proposed as a joint development project by four municipal
8 utilities, including Florida Municipal Power Agency (FMPA), JEA, Reedy
9 Creek Improvement District (RCID), and the City of Tallahassee (City)
10 (collectively referred to as the Participants). FMPA is a wholesale supplier to 15
11 city-owned electric utilities throughout Florida. JEA is a retail supplier in
12 Jacksonville, Florida, and in parts of three adjacent counties. RCID is a retail
13 supplier in parts of Orange and Osceola Counties. The City of Tallahassee is the
14 principal retail supplier in Tallahassee, Florida.

15
16 All of TEC's capacity will be fully subscribed to and owned by the four
17 Participants. FMPA will own 38.9 percent of TEC, JEA will own 31.5 percent
18 of TEC, RCID will own 9.3 percent of TEC, and the City of Tallahassee will
19 own the remaining 20.3 percent of TEC.

20
21 **Q. How will the costs for TEC be allocated among the Participants?**

22 A. Each Participant will be responsible for the costs associated with TEC in
23 proportion to its individual ownership percentage.

24

1 **Q. Why are the Participants interested in developing TEC?**

2 A. The Participants are developing the proposed TEC to realize the benefits
3 associated with the economies of scale inherent in constructing and operating a
4 large power plant and to meet the forecast capacity requirements of each
5 Participant. TEC will provide low cost, reliable baseload energy and fuel
6 diversity for the Participants.

7
8 **Q. Did the Participants conduct an RFP process to determine if other utilities
9 or entities could provide capacity more cost-effectively than TEC?**

10 A. Yes. JEA administered and issued the RFP on behalf of Participants on
11 November 28, 2005. A summary of the RFP process and a discussion of the
12 evaluation of the bids received in response to the RFP are discussed in the
13 testimony of Paul Arsuaga from R.W. Beck, Inc. (Beck), the independent
14 engineering firm retained by the Participants to evaluate the bids.

15
16 **Q. What was the outcome of the RFP process?**

17 A. The Participants received two bids (one for a coal fired power plant and one for
18 a combined cycle power plant) from one bidder (Southern Power Company, or
19 Southern). The Beck evaluation concluded that neither of Southern's bids
20 received in response to the RFP would provide the Participants with capacity
21 more cost-effectively than TEC.

22

23

1 **Q. Have the TEC Participants investigated federal financial assistance for**
2 **potential alternative technologies for the TEC?**

3 A. Yes.

4

5 **Q. Please describe the efforts made by the TEC Participants to secure federal**
6 **financial assistance for alternative technologies for the TEC.**

7 A. Exhibit No. ____ [MNL-2] is a copy of the letter sent on behalf of the TEC
8 Participants to the Taylor County Board of County Commissioners in March
9 2006. As outlined in more detail in Exhibit No. ____ [MNL-2], our
10 investigations included the following activities as of March 2006:

- 11 • Meetings with investment bankers, a consortium including a power plant
12 developer and IGCC technology supplier, staff members of both the U.S.
13 Senate and House, investor-owned utilities (IOUs), and public power
14 entities.
- 15 • Participation in the February 2006 Coal Utilization Research Council
16 conference on clean coal incentives in Washington, D.C. Senator Robert
17 Byrd, U.S. Representative Ralph Hall, and senior staff members from the
18 US Department of Energy (DOE), US Department of Treasury, Internal
19 Revenue Service, and the US Environmental Protection Agency (EPA)
20 attended this conference.
- 21 • Exploration of applicable incentives in the Energy Policy Act of 2005.
- 22 • Consideration of the Clean Air Coal Program.

- 1 • Plans to participate in the 2nd Annual IGCC Symposium in May 2006.
2 (After this letter was sent, three JEA representatives attended the
3 Symposium on behalf of the TEC Participants.)
4

5 **Q. Were any sources of federal financial assistance identified by the TEC**
6 **Participants?**

7 A. No. The TEC Participants concluded that there were no likely sources of
8 significant funding for IGCC or other emerging advanced coal technologies. As
9 a result, the supercritical pulverized coal technology selected by the Participants
10 represents the latest and cleanest commercially proven coal-fired technology,
11 which will allow the Participants to provide reliable power at an affordable price
12 in an environmentally responsible manner.
13

14 **Q. Does this conclude your testimony?**

15 A. Yes.

EMPLOYMENT

- 02/05 – Present** **JEA, Taylor Energy Center**
Project Manager for 800 MW solid fuel fire electric generating plant. Project cost \$1,200 million. Responsible for all phases of project management from start of engineering through start-up and commissioning for a multi-participant project.
- 02/02 – 02/05**
FL **JEA, Brandy Branch Combined Cycle Project, Jacksonville,**
FL
Project Manager for the addition of a combined cycle plant on two 7FA GE CT's. Project cost \$201 million. Responsible for all phases of project management from start of engineering through start-up and commissioning.
- 4/98 – 02/02** **JEA, Northside Repowering Project, Jacksonville Fl.**
Construction Site Manager for repowering two – 275 MW oil/gas fired units with two 300 MW solid fuel fired CFB boilers. Project cost \$650 million. Responsible for all site construction activities including work scope delineation, change management, laydown coordination, security, safety program, owners provided insurance program, and budget responsibility.
- 8/83 – 4/98**
Jacksonville, Fl. **Jacksonville Electric Authority, St Johns River Power Park,**
Contracts Administration Manager: Responsible for all phases of major capital and maintenance projects ranging from power piping, boiler modifications, and major equipment installations to yard utilities. Heavy involvement with plant planned and forced outages. Duties include: development, bidding and management of all site Contracts; review of engineering packages; daily interface and direction of contractors; project scheduling, budgeting, estimating, equipment procurement and cost controls; construction and maintenance field inspections; and direct supervision of up to 40 Contract Management employees.

Lead Project Administrator: Owner representative for boiler, coal handling, cooling tower and other various contracts on construction of two 624 megawatt coal fired electric generating units. Responsible for Owner inspections, budget control, preparation of change orders, payment approvals, contract interpretations, claims negotiations, and managing 38 million dollars of project force contract work.

11/82 - 8/83
Hollywood, Al.

Tennessee Valley Authority, Bellefonte Nuclear Plant,

Start-up Engineer: Group leader of four engineers. Prepared flush procedures; prepared construction operating instructions; coordinated start-up of various plant systems; maintained construction schedules; and prepared turnover packages for plant systems .

4/79 - 7/82

Gardinier, Inc., Ft. Meade Mine, Ft. Meade, Florida

Lead Project Engineer: Concept, design and control of \$40 million slimes thickening project. Supervised six person engineering staff.

Plant Engineer: Phosphate mining and beneficiation; full control of various plant modifications and additions such as slurry pumps, conveyor stackers, classifiers, log washers, hydraulic stations, and thickeners from concept through design and construction. Lead Project Engineer for new \$3.5 million matrix pumping system. Was on design team for \$25 million major plant expansion. All projects involved concept, design, equipment selection, procurement, and construction.

3/78 - 4/79
Texas

Gulf States Utilities Company, Sabine Station, Bridge City,

Engineer: Power Plant maintenance planning; boiler, pump, and turbine maintenance supervision; specification preparation, bidding, and procurement. Major projects: Outage Coordinator for a 380 megawatt steam turbine generator; boiler inspections and maintenance on four boilers including leak records and supervision of repair crews.

12/76 - 3/78

United Parcel Service, Huntsville, Alabama

Pre-load Splitter: Sorted packages into driver routes, loaded package trucks.

9/75 - 12/76

Montgomery Ward and Company, Huntsville, Alabama

Salesman: Sales in hardware department. 30 - 40 hours per week.

71 - 75

Ala-Tenn Natural Gas Company, Muscle Shoals, Alabama
Summer Crew Foreman: Supervised six to eight men on general pipeline maintenance. Summers 40 hours per week.

EDUCATION

1974 - 1978 University of Alabama in Huntsville
Mechanical Engineering Degree obtained in 1978.

1973 - 1974 University of North Alabama, Florence, Alabama

1969 - 1973 Bradshaw High School, Florence, Alabama

PERSONAL

Born: December 7, 1954, Jackson, Tennessee.
Married: Two sons.
Appearance: Height: 6'0"; Weight: 205 lbs.
Hobbies: Golf, SCUBA diving, photography, hunting, fishing.
Licensing: **Professional Engineer**, State of Florida, certificate #32619.



Powering the Economy. Protecting the Environment.

March 10, 2006

Chairman Daryl Gunter
Taylor County Board of County Commissioners
201 East Green Street.
Perry, FL 32347

Dear Commissioner Gunter:

This letter is in response to the Taylor County Board of County Commissioners' resolution of October 3, 2005, asking the Taylor Energy Center participants to investigate the availability of federal financial assistance from the U.S. Department of Energy. Our investigations to date have found no likely sources of significant funding for integrated gasification combined cycle (IGCC) or other advanced technologies applicable to the Taylor Energy Center.

In the past three months, members of our team have met personally with investment bankers, with a consortium of a power plant developer and a major IGCC technology supplier, with staff members of both the Senate and House committees of jurisdiction, and with both investor-owned utilities and public power entities to investigate funding opportunities. A member of our team also participated in the February Coal Utilization Research Council conference on clean coal incentives in Washington, D.C. At this conference were Senator Robert Byrd, Representative Ralph Hall, and senior staff members from the Department of Energy (DOE), Department of Treasury, Internal Revenue Service, and the U.S. Environmental Protection Agency.

Although the Energy Policy Act of 2005 does include many incentives for clean coal projects, including IGCC, almost all of the programs are either not applicable to a municipal utility, like those proposing the Taylor Energy Center, or are either too small to be of significance, not funded, or ear-marked for specific projects. For example:

- Investment tax credits, production tax credits, accelerated depreciation and loan guarantees are not available for tax-exempt entities like the municipal utility participants in the Taylor Energy Center.
- The Clean Renewable Energy Bond program, included especially for tax-exempt entities, is limited to a total of \$500 million for all municipal projects in the country and is to be allocated beginning with the smallest dollar request and working up. The Taylor Energy Center is projected to cost \$1.5 billion.
- The Clean Coal Power Initiative authorizes \$1.8 billion over six years, but does not appropriate any money. The DOE has not yet said how it will solicit proposals.

Taylor County Board of County Commissioners
March 10, 2006
Page 2

- Title IV Subtitle B identifies four specific IGCC projects that must be included: one in the Upper Great Plains, one near Healy, Alaska, one located at an elevation above 4,000 feet, and one in a deregulated energy market. This Subtitle also requires loan guarantees for five petroleum coke gasification projects and includes grant support to three universities.

The new Clean Air Coal Program authorizes, but does not appropriate, \$2.5 billion to assist commercial development of advanced coal technologies. The DOE has yet to develop the details of how this program will be administered.

The Taylor Energy Center team will continue to monitor federal programs as they are developed. We will participate in the 2nd Annual IGCC Symposium in Pittsburgh on May 9-10 where there will be further information about federal incentives and the financing of advanced coal technologies.

Despite the significant incentives included in the Energy Policy Act of 2005, our investigations have found no likely sources of significant funding for IGCC or other advanced coal technologies that might change our selection of supercritical pulverized coal technology for the Taylor Energy Center. We are comfortable that we have selected the latest and cleanest commercially proven technology, which enables us to provide reliable power at an affordable price while protecting the environment of Taylor County.

We appreciate the opportunity to share our findings with you. If you need further information, please feel free to contact me. Thank you for your continued interest, support and involvement with the Taylor Energy Center.

Sincerely,



Mike Lawson
Project Manager

Cc: Buddy Humphries
Malcolm Page
Patricia Patterson
Clay Bethea
Jack Brown