

ORIGINAL

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December 26, 2006

VIA HAND DELIVERY

Blanca S. Bayo, Director  
Division of Commission Clerk and  
Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0800

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COMMISSION  
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Re: Docket No. 060635-EU

Dear Ms. Bayo:

Attached please find the original and fifteen copies of the National Resources Defense Council's Revised Prehearing Statement, Notice of Cross Deposition of Myron Rollins, and a Notice of Service of NRDC's Response to Staff's First Set of Interrogatories to Natural Resources Defense Council, Inc. (Nos. 1-5) to be filed in the above styled docket.

Should you have questions or need any additional information, please contact me.

Very truly yours,

*Suzanne Brownless*  
Suzanne Brownless  
Attorney for NRDC

CMP \_\_\_\_\_  
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# ORIGINAL

## 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 26, 2006

### NATIONAL RESOURCES DEFENSE COUNCIL'S REVISED PREHEARING STATEMENT

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

#### A. All known witnesses

##### Witness

##### Subject Matter/Issues

Dale Bryk (NRDC)

Alternatives to pulverized coal plant, demand side management (DSM), impact of CO<sub>2</sub> regulation; Issues 2, 4, 5,9.

Daniel Lashoff (NRDC)

Impact of CO<sub>2</sub> regulation, demand side management (DSM), alternatives to coal plant; Issues 2,4,5,9.

\*Steve Urse (BBCAT)

City of Tallahassee's use of DSM, purchase of biomass power; Issue 4.

\* NRDC has adopted the testimony of this witness.

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

##### Exhibit

##### Witness

##### Description

Ex. \_\_\_\_ (DB-1)

Bryk

The Energy Foundation, The Hewlett Foundation, *Portfolio Management: Protecting Customers in an Electric Market that Isn't Working Very Well*, July, 2002 (pages 1-52) and Appendix A-D (pages A-1 through D-7)

Ex. \_\_\_\_ (DB-2)

Bryk

Synapse Energy Economics, Inc., *Portfolio*

DOCUMENT NUMBER-DATE

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*Management: How to procure electricity resources to provide reliable, low-cost and efficient electricity services to all retail customers, October 10, 2003 (pages 1-77)*

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 (pages 1-56) and Appendix A-E (pages A-1 through E-3)
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

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 CO<sub>2</sub> allowances, the Applicants have failed to prove that the Taylor Energy Center (TEC) represents the least cost alternative 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 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 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. Further, diversity should also include serious consideration of renewable sources of energy which was not done by the Applicants in this case.

- 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 5: Have the Applicants appropriately evaluated the cost of CO<sub>2</sub> emission mitigation costs in their economic analyses?
- POSITION: No. The Applicants have drastically underestimated the costs of CO<sub>2</sub> allowances which will be necessary to operate the proposed TEC generating unit at the projected heat rate and capacity factors.
- ISSUE 6 Does the proposed TEC generating unit include the costs for the environmental controls necessary to meet current state and federal environmental requirements including mercury (Hg), NO<sub>2</sub>, SO<sub>2</sub> and particulate emissions.
- POSITION: No.
- ISSUE 7: Have the Applicants requested available funding from DOE to construct an IGCC unit or other cleaner coal technology?
- POSITION: No. DOE has not received any formal written requests for funding from the Applicants to construct an IGCC unit or other cleaner coal technology.
- ISSUE 8: Has each Applicant secured final approval of its respective governing body for the construction of the proposed TEC generating unit?
- POSITION: No. All Applicants have the contractual right to withdraw once all permitting has been secured necessary to construct the TEC generating unit and the final construction costs are known. At this time the Applicants predict that this "go or no go" vote will occur in 2008.
- ISSUE 9: 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 10: 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 11: 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 Portions of Testimony and Exhibits filed by the Natural Resources Defense Council dated December 20, 2006;

Applicants' Motion to Strike Portions of Testimony and Exhibits filed by John Carl Whitton, Jr. (Dian Deevey), dated December 20, 2006;

Applicants' Motion to Strike Portions of Testimony and Exhibits filed by the Sierra Club, Inc., John Hedrick and Brian Lupiani. (Hale Powell), dated December 20, 2006;

\*Although the Applicants filed Requests for Oral Argument before the full Commission on December 20, 2006 for each of the above motions, it is NRDC's understanding that these requests were withdrawn at the Prehearing Conference on December 21, 2006.

**G. Pending Requests or Claims for Confidentiality**

Applicants' Notice of Intent to Request Confidential Classification of its Response to Staff Production of Documents Request No. 9.

NRDC has no objection to this request for confidentiality as long as it can have access to the documents upon the execution of a reasonable confidentiality agreement. At the Prehearing Conference it is NRDC's understanding that the Applicants agreed to provide all parties access under these conditions.

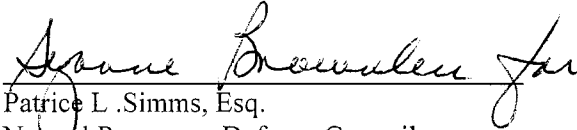
**H. Objections to Witness Qualifications**

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 26th day of December, 2006 by:



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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 26th day of December, 2006 to the following:

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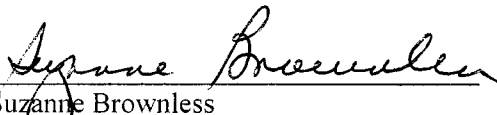
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