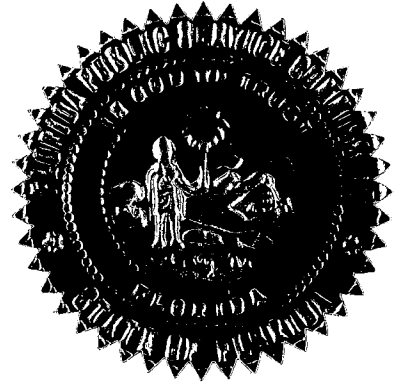


BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 060635-EU

In the Matter of

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.



VOLUME 1

Pages 1 through 110A

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PROCEEDINGS: HEARING

BEFORE: CHAIRMAN LISA POLAK EDGAR  
COMMISSIONER ISILIO ARRIAGA  
COMMISSIONER MATTHEW M. CARTER, II  
COMMISSIONER KATRINA J. TEW  
COMMISSIONER KENNETH W. LITTLEFIELD

DATE: Wednesday, January 10, 2007

TIME: Commenced at 9:45 a.m.

PLACE: Betty Easley Conference Center  
Room 148  
4075 Esplanade Way  
Tallahassee, Florida

REPORTED BY: LINDA BOLES, CRR, RPR  
JANE FAUROT, RPR  
Official FPSC Reporter  
(850) 413-6734

DOCUMENT NUMBER-DATE

FLORIDA PUBLIC SERVICE COMMISSION

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## P R O C E E D I N G S

1  
2 CHAIRMAN EDGAR: Good morning. I call this hearing  
3 to order. I appreciate everyone's patience. We had a few  
4 paperwork things that we needed to take care of so that we are  
5 ready to get started. And we have a few housekeeping things  
6 that we need to go ahead and address, so we'll do that quickly.  
7 I'd like to begin by asking our staff to read the notice.

8 MS. BRUBAKER: Pursuant to notice, this time and  
9 place has been set aside for the purpose of conducting a  
10 hearing in Docket 060635-EU. The purpose of the hearing is set  
11 forth more fully in the notice.

12 CHAIRMAN EDGAR: Thank you. And let's go ahead and  
13 take appearances from the attorneys who are representing the  
14 parties in this case.

15 MR. PERKO: Good morning, Commissioners. I'm  
16 Gary Perko of the Hopping, Green & Sams Law Firm on behalf of  
17 the applicants Florida Municipal Power Agency, JEA, Reedy Creek  
18 Improvement District and the City of Tallahassee. With me  
19 today is my partner Carolyn Raepple and my associate Virginia  
20 Dailey.

21 CHAIRMAN EDGAR: Thank you.

22 MR. JACOBS: Good morning, Commissioners. My name is  
23 Leon Jacobs with the firm of Williams & Jacobs, and I'm here on  
24 behalf of Sierra Club, Mr. John Hedrick, Mr. Brian Lupiani,  
25 Dr. Anthony Viegbesie and Ms. Rebecca Armstrong.

1 CHAIRMAN EDGAR: Thank you.

2 MS. PABEN: Good morning, Commissioners. My name is  
3 Jeanne Zokovitch Paben. I'm with the nonprofit environmental  
4 law firm WildLaw, and I'm here on behalf, today on behalf of  
5 John Carl Whitton, Jr.

6 CHAIRMAN EDGAR: And, I'm sorry, could you repeat  
7 your name for me again?

8 MS. PABEN: Jeanne Zokovitch Paben.

9 CHAIRMAN EDGAR: Does Ms. Paben work?

10 MS. PABEN: That's fine, or Jeanne is fine.

11 CHAIRMAN EDGAR: Okay. Thank you.

12 MR. PABEN: And I'm Brett Paben also with WildLaw  
13 here representing John Carl Whitton, Jr.

14 MS. BROWNLESS: Good morning. Suzanne Brownless here  
15 appearing on behalf of the Natural Resources Defense Council.

16 MR. SIMS: Good morning, Commissioners. My name is  
17 Patrice Sims. I'm with the Natural Resources Defense Council.

18 MS. BRUBAKER: And Jennifer Brubaker, Katherine  
19 Fleming and Lorena Holley on behalf of the Commission. Thank  
20 you.

21 MS. HELTON: Mary Anne Helton, advisor to the  
22 Commission.

23 CHAIRMAN EDGAR: Thank you, Ms. Helton.

24 This proceeding will be in two stages. We will have  
25 the public testimony portion, which we will begin in a few

1 minutes, and then at the conclusion of the public testimony  
2 portion we will take a short break, depending on what time of  
3 day it is, and, and then after a break we will begin the  
4 evidentiary portion of the hearing.

5           Before we get into the public testimony portion, Ms.  
6 Brubaker, are there some preliminary matters that we need to  
7 address?

8           MS. BRUBAKER: There are a number of preliminary  
9 matters, most of which I would recommend that we take up at the  
10 conclusion of the public testimony prior to getting into the  
11 meat of the evidentiary hearing.

12           There is one I would like to bring to everyone's  
13 attention. It is with regard to the comprehensive exhibit list  
14 that's been provided to all the Commissioners and to all the  
15 parties. This represents a number of, of items, the first of  
16 which is the exhibit list itself, staff's consolidated exhibit  
17 which is comprised largely of interrogatory and POD responses.  
18 There's also reflected there the prefiled exhibits from the  
19 witnesses in this, this proceeding. And those have been  
20 numbered for the convenience of everyone beginning with 1 for  
21 the comprehensive list, 2 for the staff consolidated exhibit,  
22 and 3 through, I believe, 81 for the witness exhibits. My  
23 recommendation is that we identify those Exhibits 1 through 81,  
24 not move them into the record at this time however. That would  
25 allow us to keep this numbering and to have any subsequent

1 exhibits that are identified either at the public testimony  
2 portion of this morning's hearing or else at the evidentiary  
3 hearing.

4 CHAIRMAN EDGAR: Okay.

5 MS. BRUBAKER: So I would request that the exhibits  
6 be identified 1 through 81.

7 CHAIRMAN EDGAR: Okay. Thank you, Ms. Brubaker. The  
8 comprehensive exhibit list will be identified as Exhibit Number  
9 1. The following exhibits, as Ms. Brubaker has described, will  
10 be marked 2 through 81. And if we have some exhibits that are  
11 offered during the public testimony portion, we will begin  
12 numbering at 82.

13 (Exhibits 1 through 81 marked for identification.)

14 MS. BRUBAKER: If I could also point out just for  
15 clarity of the record, staff seeks to add and has discussed  
16 this with all the parties and has, with agreement of the  
17 parties has also provided copies to all parties and  
18 Commissioners. An additional exhibit to be added to the end of  
19 staff's composite exhibit -- this will not affect the numbering  
20 of 1 through 81 -- simply for the clarity that we've added a  
21 hand Bate stamped 002475 to staff's composite exhibit.

22 CHAIRMAN EDGAR: Thank you. So noted for the record.

23 Any other preliminary matters, Ms. Brubaker?

24 MS. BRUBAKER: Not at this time.

25 CHAIRMAN EDGAR: Thank you.



1           Okay. Again, good morning, everyone. I thank you  
2 for coming out to speak to us this morning. My name is Lisa  
3 Edgar, and I'm Chairman of the Florida Public Service  
4 Commission. With me today are my fellow Commissioners:  
5 Commissioner Tew, Commissioner Arriaga, Commissioner Carter and  
6 Commissioner Littlefield.

7           We are here today for this portion of our proceeding  
8 to hear from interested customers, consumers, citizens. We're  
9 here because we have four applicants: The Florida Municipal  
10 Power Agency, JEA, the Reedy Creek Improvement District and the  
11 City of Tallahassee. Those applicants have asked that the  
12 Commission make a determination regarding whether there is a  
13 need for the electrical power plant that they have proposed in  
14 Taylor County, Florida.

15           In order to make this determination, our statutes  
16 require us to examine the need for some specific criteria and  
17 those are: The electric system reliability and integrity,  
18 adequate electricity at a reasonable cost, fuel diversity and  
19 supply reliability, and whether the proposed plant is the most  
20 cost-effective alternative available.

21           In addition, we must consider the conservation  
22 measures taken by or reasonably available to the applicants  
23 which might mitigate the need for the proposed plant, and may  
24 consider other matters within our jurisdiction which may be  
25 relevant. Only issues relating to the need for the proposed

1 power plant are a part of this hearing. Separate public  
2 hearings will be held to consider environmental and other  
3 impacts of the proposed plant.

4 As I mentioned earlier, this hearing is divided into  
5 two portions, the public testimony portion and the evidentiary  
6 hearing portion which we will begin after the first section.

7 At the conclusion of the evidentiary hearing, the  
8 parties will file briefs and Commission staff will write a  
9 recommendation as to how it believes we should decide the case  
10 based on the evidence presented at today's hearing. We're  
11 currently set to discuss that recommendation and make a  
12 decision at the February 13th Agenda Conference here in this  
13 room.

14 The public testimony portion of this hearing is an  
15 important part of our process. It's our best opportunity to  
16 hear from members of the public on what the applicants have  
17 proposed, and we appreciate the fact that you have taken time  
18 from your day to come and join us and to speak to us this  
19 morning.

20 In terms of the presentations this morning, we're  
21 first going to hear from any elected officials that have come  
22 to speak to us, and then we'll take up speakers in turn as  
23 you've signed up. I hope you all saw that there were some  
24 sign-up sheets available outside. That just works best for us  
25 to proceed in an orderly manner and so that we don't miss

1 anybody who has expressed an interest in speaking. If you  
2 haven't signed up and would like to speak, I would ask that you  
3 sign up on one of the sheets just outside the doorway. I'm  
4 going to ask Ms. Brubaker as we get to that point in a moment  
5 to call the names in that order.

6 Your comments will be a part of the record of this  
7 proceeding, and so you will need to be sworn in. We will do  
8 that as a group here in just a moment. After you've been  
9 sworn, as I said, we will call names in the order of the  
10 sign-up sheets. When your name is called, if you would  
11 approach the microphone. And we're going to use the mike right  
12 over here at these chairs. We are -- we do want to hear from  
13 you, so although this is a formal proceeding, we are also kind  
14 of informal. So just come forward, identify yourself. If your  
15 name is difficult for us to spell, it's helpful for the court  
16 reporter and for us if you give us the spelling and the  
17 pronunciation of your name.

18 I don't have a set time limit for speakers; however,  
19 I would ask that you be mindful of the time that we have for  
20 this hearing. We have a number of witnesses, and we want to be  
21 sure to hear from everybody from the public who has come to  
22 speak. So if you would be mindful of the time and respectful  
23 of those others that have signed up to speak, because we want  
24 to hear from everybody. And if you have comments that are  
25 pretty much in support of prior comments, you can let us know

1 that.

2 Ms. Brubaker, if you would briefly describe the  
3 procedure if we have members of the public that would like to  
4 give us written documents or exhibits.

5 MS. BRUBAKER: Certainly, Chairman. We've had a  
6 number of speakers indicate that they have documents with them.  
7 Some would like to go ahead and submit those documents into the  
8 record and that's fine. What we're going to ask you to do is  
9 when you go up to speak, take the documents with you in case  
10 you need to refer to them while you're speaking. Once you've  
11 concluded your questions and any questions of you have been  
12 asked by the Commissioners or the parties, if you could please  
13 proceed to my left, there should be somebody sitting there at  
14 that point and they can take the documents from, take the  
15 documents from you. And then once the public testimony portion  
16 of the hearing has concluded, I will take custody of those  
17 documents. We can identify them, the documents, would be my  
18 recommendation at the time they're handed over. However, I  
19 would recommend just for efficiency's sake we not address  
20 entering them into the record until public testimony is  
21 actually concluded.

22 CHAIRMAN EDGAR: Thank you, Ms. Brubaker.

23 So if you have exhibits, please follow the process  
24 that she has described. If you have questions, just ask, and  
25 Ms. Brubaker and I will try to walk us all through it. If

1 there are written exhibits that you would like to become a part  
2 of the record, we will number them sequentially and identify  
3 them by your name, the witness that has submitted them to us.

4 After you have given your testimony, there will be  
5 the opportunity for Commissioners or for the parties to ask a  
6 few questions, if they have any. If they do, when you are done  
7 answering or if there are no questions, you will be excused and  
8 we will go to the next person on the list.

9 And with that, I think we are ready to begin.

10 Ms. Brubaker, is there anything else we need to address?

11 MS. BRUBAKER: I'm not aware of anything else at this  
12 time.

13 CHAIRMAN EDGAR: Okay. Then what we need to do is to  
14 swear in those of you who would like to speak to us during this  
15 portion of our proceeding. I'm going to ask you to stand as a  
16 group and raise your right hand.

17 (Witnesses collectively sworn.)

18 CHAIRMAN EDGAR: Thank you. You may be seated.

19 Ms. Brubaker, we're ready for the first name on the  
20 list.

21 MS. BRUBAKER: If I could first call, please, Mayor  
22 John Marks.

23 MAYOR JOHN MARKS

24 was called as a witness and, having been duly sworn, testified  
25 as follows:

1 CHAIRMAN EDGAR: Welcome, Mayor.

2 DIRECT STATEMENT

3 MR. MARKS: Good morning. Two days in a row. I  
4 guess I'm blessed sitting in this seat.

5 My name is John Marks. I'm the Mayor of the City of  
6 Tallahassee. My address is 300 South Adams Street, my business  
7 address, 300 South Adams Street, Tallahassee, Florida.

8 This is obviously somewhat of an unusual position  
9 that I find myself in today. I've been in this room many times  
10 before in the past, but I have to tell you I haven't been in  
11 this room in this particular capacity at the end of these  
12 questions, at this end of the questions. I, of course, sat, as  
13 you well know, on the dais, although not this particular dais,  
14 in a prior life as one of the Florida Public Service  
15 Commissioners. I've also sat at the counsel table many times  
16 before, and I've sat in the audience to observe the  
17 Commission's hearings as well, but I've not sat here at the  
18 witness table before. So this is a new experience for me.

19 So I understand your responsibilities in this need  
20 determination process, in the power plant siting process. It  
21 is unique, but it is extremely, extremely important. Of  
22 course, I know because I've been there both as a Commissioner  
23 and as an attorney in this process. Your responsibility in  
24 this process is to make a decision that's not -- that's in the  
25 best interest of not only the applicants in this case, but you

1 must make a decision that's in the best interest of the State  
2 of Florida and the people of the State of Florida.

3           Today I'm here in my capacity as Mayor of the  
4 City of Tallahassee and not as a private citizen. I am here to  
5 give you an overview as to why the City of Tallahassee and the  
6 citizens of Tallahassee support the need for the Taylor Energy  
7 Center.

8           Tallahassee has experienced significant and rapid  
9 growth in its business community, as well as new residents to  
10 this city. This has brought many, many positive benefits. But  
11 it's also put added strain and exposes vulnerabilities to our  
12 current resources. We are growing and we're growing  
13 significantly in the City of Tallahassee. Right now we are a  
14 provider of electric utility services for Tallahassee and the  
15 surrounding area. We have been doing this since almost the  
16 turn of the century. And right now we're more than 90 percent  
17 dependent, 90 percent dependent on natural gas to fuel our  
18 power plants. The other portion of that is a small hydro plant  
19 that we have, the Corn Hydro Plant, that's kind of west of the  
20 City of Tallahassee. So the Taylor Energy Center offers us  
21 significant opportunities and challenges to greatly --  
22 something that we greatly need to do in the City of  
23 Tallahassee.

24           And one of the things that you must look at during  
25 this process is the diversification of our fuel mix. Again I

1 repeat, we're 90 percent dependent on gas. That affects our  
2 availability and it also affects our reliability to provide our  
3 citizens with the much-needed electrical power for this  
4 community.

5           And we must protect our citizens or attempt to  
6 protect our citizens from the unpredictable rate changes when  
7 fuel markets are unstable. In order to do this, the Florida --  
8 the City of Tallahassee went through an extensive process to  
9 determine what resources were needed and would be available for  
10 the next -- until 2020 and maybe even until 2025 to determine  
11 what would be available, what is needed in order to provide  
12 that service for the citizens of our community.

13           We conducted an extensive and exhaustive integrated  
14 resource planning process that lasted over a year and probably  
15 longer than that. Excuse me. That process was extensive. And  
16 I'd like to say when we considered that process, I looked at it  
17 and the Commission looked at it from the standpoint of the  
18 various factors that, quite frankly, you must look at when we  
19 went through that process. And I like to use this acronym a  
20 little bit to describe it, and it's called -- it's the DEER  
21 acronym, D-E-E-R. That stands for diversity of fuel mix, the  
22 economics of the decision, the environment and reliability.  
23 Those are the factors -- and some might add even a fourth, a  
24 fifth factor very obviously, but I won't include it in this,  
25 and that is security, the security of that decision.



1           We looked at our diversity, and as I've indicated to  
2 you already at this point in time, we are 90 percent dependent,  
3 the City of Tallahassee, on gas to generate electricity in this  
4 community. And from a diversity of fuel, that is not a good  
5 thing. I don't know if there is any other utility in the  
6 United States with that fuel mix anywhere. And that has caused  
7 us some significant problems, even to the extent that currently  
8 the City of Tallahassee has one of the highest utility rates in  
9 the State of Florida.

10           Believe it or not, we have some of the lowest O&M  
11 costs in the State of Florida. But when you add the O&M costs,  
12 operation and maintenance costs with the fuel costs, we end up,  
13 if not number one in the highest utility rates in the State of  
14 Florida, we're definitely number two. We have to address that  
15 problem.

16           That also gets us into the "E" of that DEER acronym,  
17 the economics. Of course, we have to look at the economics of  
18 the capital costs associated with providing this service or  
19 producing this service and we will, and that was part of the  
20 analysis that we went through in the integrated planning  
21 resource process. And I might add at this point in time the  
22 details of that process will be given, the really nitty details  
23 of that process should be given during the course of this  
24 hearing to you.

25           But we look at not only the economics of the capital

1 costs associated with providing or building this facility, but  
2 the economics of what it will do for our customers in terms of  
3 their rates and what will happen to them. Diversifying our  
4 fuel mix will give us an opportunity to address the high  
5 utility rates in a more efficient and effective manner.

6           The other "E" in the acronym, the DEER acronym, is  
7 environment, the environmental issues. Of course, as you've  
8 already indicated, that is not a factor with regards to this  
9 particular hearing and it's something that will be addressed by  
10 other agencies here in the state, in the State of Florida. And  
11 it should be addressed and it's a very important factor and  
12 something that the Florida -- the City of Tallahassee did  
13 consider, and we addressed those issues during our integrated  
14 resource planning process. But that's not for you to address  
15 in this particular hearing.

16           The "R" relates to reliability: How reliable is your  
17 system and how reliable will it be into the future and the  
18 availability of services, the electric generating services to  
19 be provided to your customers? That's a significant issue when  
20 you're 90 percent dependent on gas. And if you can't get that  
21 supply of gas in a reliable manner and you have no other  
22 alternative, then the reliability, your reliability factor is  
23 significantly impaired.

24           So we looked to that and we vetted this through this  
25 process. Now when we went through the integrated resource

1 planning process, which was extensive and exhaustive as I've  
2 already indicated, we came to a conclusion, and the majority of  
3 the Commission voted to continue our involvement in the Taylor  
4 energy initiative. That would provide us with approximately  
5 150 to 160 megawatts of power for our future demand.

6 We also in that process determined that we would  
7 repower some of our current facilities, our Hopkins gas  
8 generating facilities, and I think that will get us an  
9 additional 60 megawatts of power.

10 We also decided that we would invest in a biomass  
11 plant. BG&E, a company out of Colorado, I believe it's Denver,  
12 Colorado, came us to with a project, and we will -- we have  
13 signed a contract with BG&E to purchase the energy from that  
14 project. I think it's to be in, to be in service in 20 --  
15 2012, if I'm not mistaken.

16 But in addition to that, we also determined that we  
17 must engage in an aggressive demand-side management program, an  
18 aggressive demand-side management program. And we have  
19 identified 160 megawatts of demand-side initiatives that we  
20 will be involved with through the year 2020. Hopefully within  
21 the next six years we will be able to implement at least  
22 programs that will get us at least 60 megawatts in this  
23 demand-side program. But notwithstanding all those  
24 initiatives, because of the growth patterns in the City of  
25 Tallahassee and the State of Florida, because some of our

1 plants may not be as efficient and operational through that  
2 period of time, we find ourselves in the position where we  
3 still would have to receive additional power. And the Taylor  
4 Energy Center turned out to be, after going through this  
5 integrated resource planning process, the best alternative that  
6 we can have.

7           Commissioners, that is the position that -- and,  
8 again, this process has been thoroughly vetted through  
9 referendum, if I might add. At the Commission it was vetted,  
10 we had extensive hearings before the Florida Public Service  
11 Commission, we had workshops throughout this community, and I  
12 would dare say that in my 25 years of being involved in utility  
13 regulation, I am not sure that I've seen a more extensive and  
14 exhaustive review than I've seen taken by the City of  
15 Tallahassee with regards to this matter. And with that, I  
16 thank you very much for your time.

17           CHAIRMAN EDGAR: Thank you, Mayor.

18           Commissioners, any questions for the Mayor?  
19 Questions from the parties?

20           Yes, ma'am.

21   CROSS EXAMINATION

22 BY MS. BROWNLESS:

23           Q     Good morning, Mayor Marks. How are you this day?

24           A     Good morning, Suzanne.

25           Q     First of all, NRDC would like to congratulate the

1 City of Tallahassee on aggressively evaluating demand-side  
2 management and seriously integrating it into its integrated  
3 resource plan. We appreciate that and think that that is a  
4 model that should be followed by the applicants in this case,  
5 the other applicants, as well as the other utilities in  
6 Florida.

7 My question, however, goes to the integrated resource  
8 plan that the City approved on December 6th of last year. And  
9 isn't it true that that's a five-year integrated resource plan  
10 which does not include the Taylor Energy Center?

11 A No. That integrated -- the integrated resource  
12 planning process that I adopted and that the Commission adopted  
13 does include the Taylor Energy Center.

14 Q Okay. My understanding was that it was a five-year  
15 plan that was adopted on December 26th that ended in 2011,  
16 which would allow the Commission to come back at the end of  
17 this permitting process approximately in 2008 and make the  
18 go-no-go decision. Is that incorrect?

19 A That -- no, that's not accurate, Ms. Brownless.

20 The integrated resource planning process included the  
21 Taylor Energy Center. Of course, as this process goes along,  
22 other decisions have to be made. And clearly a decision could  
23 be made during the course of that decision not to continue with  
24 the Taylor Energy Center, but our decision was to include the  
25 Taylor Energy Center in our integrated resource planning

1 process.

2 Q Okay. Well, I had that incorrect then because my  
3 understanding was it stopped at 2011. Thank you so much for  
4 clearing that up.

5 A You're quite welcome.

6 CHAIRMAN EDGAR: Mr. Jacobs.

7 MR. JACOBS: Very briefly.

8 CROSS EXAMINATION

9 BY MR. JACOBS:

10 Q Good morning, Mayor.

11 A Good morning.

12 Q I, too, would like to congratulate you and the City  
13 for your efforts in, in undertaking really a rational and a  
14 reasonable approach to a true diversity strategy and looking at  
15 demand-side management.

16 Is it true that you -- the economic benefits of your  
17 having adopted that strategy include the ability to defer your  
18 need for power from, from the Taylor Energy Center for a number  
19 of years?

20 A No, I don't think so.

21 Q I was of the view that as a result of your having  
22 looked at your, of this renewed portfolio, that, that your need  
23 for power from the Taylor Energy Center can be deferred from

24 20 --

25 A No. The integrated resource planning process

1 included, as I indicated before, a very exhaustive and  
2 extensive process, and we reached the conclusion that we needed  
3 to, to engage in all four of those initiatives in order to meet  
4 the needs of this community through the year, I believe it's  
5 2020, so all of those.

6           And that assumes, quite frankly, in the demand-side  
7 initiative that includes that we, we have to be very, very  
8 aggressive in order to achieve those 160 megawatts over the,  
9 over the 20 years. That requires our community to accept some  
10 things that maybe they have not been able to do in the past.  
11 And we are, we are determined that we will engage in those  
12 processes. But as you well know, when you look at demand-side  
13 initiatives, that is not -- that is something that the  
14 community has to be engaged in, that is something the community  
15 has to accept, and that is something this community has to be  
16 aware of, and we intend to do that. So hopefully -- the  
17 160 megawatts, quite honestly, is, is the optimal, assuming  
18 that we can get our community to buy into it. And I feel  
19 comfortable that if we are aggressive enough with the partners  
20 that we have in this community, that we can get this community  
21 to buy into the demand-side initiatives that we have that we  
22 will propose.

23           Q     And I think, I think we agree that your prospects of  
24 success at least appear very promising.

25           A     I don't know if we agree with that, Leon. I would

1 say our prospects -- I can say this, I am committed, the City  
2 of Tallahassee is committed to those demand-side initiatives.  
3 Now we've got to have our community committed to those  
4 demand-side initiatives. And based on that, I am optimistic.

5 MR. JACOBS: Okay. Thank you.

6 CHAIRMAN EDGAR: Further questions for Mayor Marks?  
7 Seeing none, Mayor Marks, thank you very much for joining us.  
8 We appreciate your comments.

9 THE WITNESS: Thank you very much for letting me off  
10 so easy there. Thank you.

11 CHAIRMAN EDGAR: Ms. Brubaker.

12 MS. BRUBAKER: Our next speaker is Richard Furman.

13 RICHARD FURMAN

14 was called as a witness and, having been duly sworn, testified  
15 as follows:

16 DIRECT STATEMENT

17 MR. FURMAN: Thank you, Chairman, for allowing me the  
18 opportunity to speak today. My name is Richard Furman. I'm a  
19 retired engineer and I live in Florida. Because of my  
20 background and previous experience, I have been asked by  
21 numerous residents of Taylor County, numerous residents of  
22 Tallahassee and two environmental groups, the Clean Air Task  
23 Force and the NRDC, to speak today to you.

24 During my career I've worked for three major electric  
25 utility companies including Florida Power & Light and have



1 specialized in the areas of new energy technologies,  
2 alternative fuels for power plants and pollution control  
3 equipment for power plants.

4 I began my career 35 years ago as a graduate student  
5 at MIT where I did my graduate thesis on coal gasification. No  
6 one is paying me to be here today, but I'm here today because I  
7 so much believe in you making the right choice for this power  
8 plant.

9 The purpose of this report that I've handed you today  
10 is to provide you with the most recent and the most accurate  
11 information on both the conventional pulverized coal plant  
12 which is being proposed, which I will refer to in the future as  
13 the PC plant, representing pulverized coal, and the IGCC  
14 alternative, which stands for integrated gasification combined  
15 cycle power plant that I'll refer to in the future as IGCC.

16 And the reason that I've put this report together is  
17 so that you can decide if the proposed power plant best meets  
18 your criteria for costs, reliability, fuel diversity and the  
19 use of alternatives such as renewable biomass energy.

20 I won't go through this whole report, but I'll try  
21 and just go through some of the highlights for you. First on  
22 Page 3, if you'll look at Page 3 in the handout that I've given  
23 you, that is the cost of electricity comparison for Florida.  
24 And what I've done there is I've taken the most recent  
25 Department of Energy study, and the only thing I've changed in

1 it is the cost of fuel because their study looked at a midwest  
2 plant, and what I'm looking at here is the delivered cost of  
3 fuels specifically to Florida utilities as, as presented by the  
4 Energy Information Agency of the Department of Energy for the  
5 last two years.

6           So the chart shows in cents-per-kilowatt hour what  
7 the cost of electricity will be to the electric utility. And  
8 then down at the bottom I show the three different pulverized  
9 coal cases. The middle one, the supercritical one is the one  
10 being proposed for Taylor Energy Center. And then on the  
11 right, the two different options that are available for the  
12 IGCC plant, the gasification option. And there we see one of  
13 the plants using petroleum coke, which is a waste product from  
14 petroleum refineries, and the second is using conventional  
15 coal.

16           There are two sections to each of the bar charts.  
17 The bottom section of the bar chart shows the nonfuel component  
18 of the cost. That's the construction cost, the operation and  
19 maintenance cost. The upper portion of the chart shows the  
20 Florida utility-specific fuel costs for those plants. This  
21 shows that the cost of electricity for any of the proposed  
22 three types of PC plants are higher than the cost of  
23 electricity for an IGCC plant using petroleum coke in Florida.  
24 Although the IGCC plant has a higher capital cost than the PC  
25 plant, it has a significantly lower fuel cost when using

1 petroleum coke.

2           It's interesting to note that the U.S. petroleum  
3 refineries in the Gulf Coast produce over 25 million tons per  
4 year of fuel grade petroleum coke that can be used in IGCC  
5 plants. This petroleum coke can provide over 10,000 megawatts  
6 of new generating capacity in the United States. At the  
7 present time, almost all of this pet coke is exported to other  
8 countries that allow the higher emissions of sulfur dioxide.

9           The use of pet coke in the U.S. requires the  
10 installation of additional flue gas desulfurization equipment  
11 if it's to be used in conventional pulverized coal plants,  
12 which makes it cost prohibitive. IGCC plants can effectively  
13 remove the sulfur from pet coke and sell it as a valuable  
14 by-product.

15           Florida's proximity to the Gulf Coast refineries  
16 enables Florida's utilities to make use of this waste material,  
17 while reducing emissions and lowering their cost of  
18 electricity. Therefore, the lowest cost alternative for  
19 Florida is the use of IGCC plants using pet coke.

20           For the past ten years Tampa Electric Company has  
21 been using pet coke in their IGCC plant, and have recently  
22 announced that they will build an additional 630-megawatt IGCC  
23 plant for operation in 2013. Tampa Electric's president, Chuck  
24 Black, was recently quoted in Time Magazine as saying, "It's  
25 our least cost-generating resource, so we count on it and we

1 use it every day as part of our system."

2           Let me turn to the next page, Page 4, and look at  
3 future energy costs. That's looking -- the first -- Page 3 was  
4 looking at current energy costs. But one of the things I think  
5 we need to be concerned with is what's going to happen to these  
6 plants in the future in order to meet future environmental  
7 regulations? Well, what we see is -- on the bottom left-hand  
8 corner of that chart we see these studies have been done by a  
9 number of different organizations. But this one that I picked  
10 out is from General Electric, who's building and guaranteeing  
11 these plants, and what it shows is the increase in the cost of  
12 electricity if you have to add CO2 capture to the different  
13 types of power plants.

14           The SCPC, supercritical pulverized coal, which is a  
15 type of coal plant being proposed for the Taylor Energy Center,  
16 the cost of electricity to the electric utility will increase  
17 66 percent if you have to add CO2 capture equipment. It will  
18 increase for the IGCC plant only 25 percent. So when we look  
19 at future costs and capabilities to meet the future  
20 environmental regulations that we know are coming, we find it  
21 very difficult to accept those future costs.

22           Let me skip to Page 6 which talks in a little more  
23 detail about some of those environmental emission factors which  
24 we're all concerned about. This chart on the left shows the  
25 supercritical pulverized coal plant which is being proposed for

1 Taylor Energy Center. And in this case I used the most recent  
2 EPA report for the numbers for this analysis, and on the right  
3 an IGCC plant. This chart shows the percentage of emissions on  
4 the right that an IGCC plant produces relative to the proposed  
5 pulverized coal plant for the same amount of electricity that's  
6 produced. This chart shows that an IGCC plant producing the  
7 same amount of electricity will produce dramatically less  
8 pollution, 86 percent less smog forming gases, nitrogen oxides;  
9 90 percent less acid gas such as sulfur dioxide; 49 percent  
10 less soot and fine particulate; 65 percent less brain damaging  
11 mercury; and, in the future, the capability to economically  
12 capture over 90 percent of the global warming gas carbon  
13 dioxide.

14 Let me go on further to Page 11 and give you a feel  
15 of where the technology now stands in order to accomplish these  
16 goals of lower cost and significantly lower emissions. We're  
17 very fortunate in Florida to have one of the two commercial  
18 size demonstration projects for this technology that's been in  
19 operation for more than ten years. And Tampa Electric has  
20 recently announced that they will build an additional  
21 630-megawatt plant for operation in 2013.

22 Let's turn the page to Page 12 to show you what this  
23 plant looks like and explain to you how clean it really is.  
24 Tampa Electric started operation of this plant in  
25 October 1996 and has recently celebrated its tenth year

1 anniversary. It is the lowest cost plant to operate on the  
2 Tampa Electric system and has won numerous environmental  
3 awards. It's interesting to note that Tampa Electric is the  
4 second largest coal burning utility in the State of Florida.  
5 So they know quite a bit about burning coal and they have a lot  
6 of convention -- they have conventional coal units and they  
7 have ten years of experience on IGCC. They're choosing IGCC  
8 because they know it's the best technology for them.

9           There are at the current time 28 IGCC plants being  
10 planned in the United States, both by utilities and independent  
11 power producers. This picture demonstrates the significantly  
12 lower emissions from an IGCC plant by the fact that the stack  
13 is completely clean, completely clear, even though it's  
14 operating at full load, and that there is no need in this plant  
15 for a tall stack. A tall stack is required on all conventional  
16 pulverized coal plants like what's being proposed at Taylor  
17 Energy Center because the emissions are so high from those  
18 plants that a significant amount of dilution is required before  
19 the ground level emissions are within acceptable limits for  
20 people to breathe. A conventional pulverized coal plant may  
21 have a 300- to 500-foot stack compared to this 120-foot stack.  
22 The much taller pulverized coal stack also decreases property  
23 values in a much larger surrounding area. This plant was  
24 designed about 15 years ago. Since then, significant  
25 improvements have been made in IGCC emissions control, which

1 enable much lower emission levels than what was required for  
2 this plant 15 years ago when it was being permitted.  
3 Therefore, any emission comparisons should be based on  
4 best-available control technology for both new pulverized coal  
5 plants and new IGCC plants that are currently being built.

6           The next page, Page 13, gives you a list of  
7 references for you to contact. Three of the people on this  
8 list are elected government officials that have significant  
9 experience evaluating pulverized coal versus IGCC technology.  
10 And I have asked them if it would be okay for you to contact  
11 them, and they have said yes, in order to convey what their  
12 experience has been in their evaluation of IGCC and pulverized  
13 coal for, for their municipalities.

14           Within the last couple of weeks I also met with your  
15 State Representative Curtis Richardson, and fortunately he's  
16 had a chance to visit the Tampa Electric plant, was very much  
17 impressed by it, and encourages anyone who's making a decision  
18 between these two technologies to definitely make a visit to  
19 this plant. So I've included the card of Mark Hornick, who's  
20 the plant manager at the Tampa Electric plant. He would  
21 welcome your visit any time to show you the existing operation  
22 at the plant and to explain why Tampa Electric made their  
23 decision to use this technology in the future.

24           Let's skip to Page 15 now to give you a little more  
25 feel of what's happening in the rest of the world. What this

1 shows -- this is a Department of Energy chart which shows the  
2 commercially operating IGCC plants. This table by the  
3 Department of Energy shows 14 commercially operating IGCC  
4 plants. Together these plants have a capacity of almost  
5 4,000 megawatts and have accumulated almost a million hours of  
6 operation. These plants use a variety of fuels including coal,  
7 petroleum coke, biomass and refinery waste products.

8           The first series of plants listed in that table were  
9 built in the 1990s and have over ten years of operating  
10 experience. They have successfully integrated the gasification  
11 process, turning coal into a synthetic gas and cleaning out the  
12 pollutants, and combined that with the conventional combined  
13 cycle natural gas plants to enable more efficient use of coal  
14 while significantly reducing emissions. These plants range in  
15 size from 250 to 300 megawatts per unit.

16           And what the industry has done, the four major  
17 manufacturers of this IGCC technology have done is not try to  
18 scale-up the technology to make bigger and bigger units, but  
19 what they're going to be selling to those utilities that are,  
20 that are planning on building these 28 plants is they're going  
21 to used additional modules. So they're going to use the same  
22 size plant, the 300 megawatts that they've already been  
23 operating for the last ten to 12 years, and make increases in  
24 size by adding duplicate copies or modules to the plants. And  
25 that way you can order any size you want.



1           The second set of plants demonstrate this. They have  
2 been more recently built. And what I want to draw your  
3 attention to is the 500-megawatt plants on that list, the one  
4 listed as ISAB and Sarlux. They're over 500 megawatts in size.  
5 Both of these plants use more than one gasification train and  
6 have shown successful operation with more than 90 percent  
7 availability without a spare gasifier. So what they've now  
8 demonstrated is what the utilities require, which is over  
9 90 percent reliability, and they're doing that today. I'll  
10 show you more of that in a future slide of what other people  
11 are doing.

12           Let's skip to Page 18, which is a Department of  
13 Energy list of the 28 IGCC projects that are planned in the  
14 U.S. by both utilities and independent power producers.

15           The next page, Page 19, shows where one of these  
16 plants is going to be built in the Netherlands. There's a  
17 utility in the Netherlands, Belgium and Germany called Nuon.  
18 They've been successfully operating an IGCC plant on both coal  
19 and biomass for the past 12 years at 250 megawatts. Nuon  
20 recently announced that they are building a 1200-megawatt IGCC  
21 plant and it will consist of four 300-megawatt units. This  
22 design requires no additional scale-up from the design of their  
23 existing plant and makes use of readily available combined  
24 cycle plants that most utilities have been operating for the  
25 last 15 years, and they've been running on natural gas. This

1 modular design provides additional system reliability,  
2 increased efficiencies, fuel flexibility and any possible size.  
3 The standard IGCC unit is now 300 megawatts. Most  
4 manufacturers are supplying 600-megawatt plants which consist  
5 of two 300-megawatt units. Therefore, the 630-megawatt unit  
6 that Tampa Electric is building for operation in 2013 consists  
7 of two units the same size as their existing unit that has been  
8 operating for the past ten years. Four manufacturers have  
9 300-megawatt units that have been operating successfully.  
10 General Electric states that IGCC technology can satisfy  
11 outward requirements to more than 1500 megawatts and can be  
12 applied in almost any new or repowering project where solid and  
13 heavy fuels are available.

14           The next page shows some of General Electric's  
15 operating experience. This chart on Page 20 prepared by  
16 General Electric shows that their four new coal gasification  
17 plants that have been operating for the past three years have  
18 been operating at greater than 90 percent reliability.

19           An additional advantage of an IGCC plant is that it  
20 can operate on various fuels. That plant in the Netherlands,  
21 the Nuon plant, can operate on coal, can operate on biomass and  
22 can also operate on natural gas. If the gasifier is out of  
23 service for maintenance, the power plant can still operate on  
24 natural gas or diesel fuel, so the reliability is dramatically  
25 increased for the plant because it has alternative fuels. This

1 is not possible with a pulverized coal plant which is usually  
2 designed for one type of coal.

3           A recent Gas Turbine World article, which I refer to  
4 here, reported on the capacity factor of the most recently  
5 built IGCC plants in Italy that use refinery waste material  
6 such as asphalt, liquid tars, the bottom of the barrel, the  
7 waste material that can't be used by others. As reported here,  
8 the availability of these plants are between 90 and 94 percent.

9           And lastly, I'd like to show you Page 26, which is  
10 the future economic potential that exists for Taylor County  
11 really depends on the use of the gasification technology in the  
12 power plant. There are certain very fortunate synergies that  
13 exist between a pulp mill and a power plant that are located  
14 next to each other if they both use gasification technology. I  
15 won't go into detail as to how that can be done, but this gives  
16 tremendous future fuel diversity to this plant because not only  
17 can we make use of the biomass waste that's currently produced  
18 by the pulp mill, but we can also make use of the renewable  
19 energy resource, the forest industry that exists in Taylor  
20 County, to develop a whole new industry of biomass and the use  
21 of renewable energy in this plant in combination with the  
22 adjacent pulp mill.

23           So I ask you to take a careful look at this  
24 technology. I offer my assistance free of charge to meet with  
25 you or any of your staff, and I hope you'll consider this and

1 also consider a visit to the Tampa Electric IGCC plant. Thank  
2 you very much.

3 CHAIRMAN EDGAR: Thank you, Mr. Furman. And if  
4 you'll hold on just a moment, I think there may be a question  
5 or two.

6 Commissioner Arriaga.

7 COMMISSIONER ARRIAGA: Good morning, Mr. Furman. I  
8 wanted to let you know that I think all of us here at this  
9 bench are familiar with the Tampa Electric Company plant. I  
10 have personally visited the plant, and I'm an admirer of such  
11 technology. We also just approved a need determination for a  
12 similar plant in Orlando, as you probably know, as you stated  
13 in your report.

14 But having said that, I wanted to ask you, have  
15 you -- did you make an attempt to make a presentation like this  
16 or discuss these issues with the proponents?

17 THE WITNESS: Yes, I did.

18 COMMISSIONER ARRIAGA: What was the result of such  
19 conversations?

20 THE WITNESS: They are -- they listened to the  
21 presentation, they expressed their concerns about the  
22 technology, and in this report I've tried to put together the  
23 most complete document I could to answer all of their concerns  
24 and questions. So I'm hoping that with this new information --  
25 because a lot of this you'll see the references -- the EPA

1 document came out within the last few months and the Department  
2 of Energy document was just presented at a conference a couple  
3 of months ago. So what I'm hoping is that by examining the  
4 most recent information, that they will reconsider their  
5 decision.

6 COMMISSIONER ARRIAGA: One follow-up. Did you make a  
7 similar presentation to our staff?

8 THE WITNESS: No, I don't believe I did.

9 COMMISSIONER ARRIAGA: Okay. Thank you so much, sir.

10 CHAIRMAN EDGAR: Questions for Mr. Furman? Seeing  
11 none, Mr. Furman, thank you.

12 MR. PERKO: Excuse me. Madam Chairman.

13 CHAIRMAN EDGAR: Oh. Excuse me. I spoke too soon.

14 Mr. Perko.

15 MR. PERKO: I apologize. I'll try to be brief.

16 CROSS EXAMINATION

17 BY MR. PERKO:

18 Q Mr. Furman, on Page 3 of your handouts here it says  
19 that the use of pet coke in the U.S. requires installation of  
20 FGD systems to PC plants which is usually cost prohibitive.

21 A Yes.

22 Q Are you aware that JEA is currently using pet coke in  
23 its pulverized coal units at the St. Johns River Power Plant?

24 A Yes. They -- I should add that they are  
25 significantly limited in the amount of pet coke that can be

1 added to that unit. And I think if you look at the Taylor  
2 Energy Center and also the Florida Power & Light plant that's  
3 being proposed in Glades County, they are limiting their  
4 proportion of pet coke to below 20 percent. And the reason for  
5 that is the pet coke is so high in sulfur, typically 6 to  
6 8 percent sulfur, that their pollution control equipment cannot  
7 handle more than 20 percent. So their, their effort is  
8 primarily made to try and reduce their operating cost as much  
9 as possible by using the lower cost pet coke, but they're not  
10 able to do that anymore than about 20 percent pet coke.

11 Q Do you know how much pet coke is planned to be burned  
12 in the Taylor Energy Center?

13 A Less than 20 percent. And the use of that pet coke  
14 will significantly increase emissions from that plant, and I  
15 think that should be looked at.

16 Q Have you reviewed the application in this proceeding  
17 to determine the emission rates that are proposed?

18 A Yes.

19 Q Mr. Furman, you mentioned the TECO project that's  
20 currently operating and the one that's proposed. Is it your  
21 understanding that TECO received federal funding for the  
22 original project?

23 A They received 138 -- \$133.8 million of tax credits.

24 Q And are you --

25 A And if I could explain, the reason given for the

1 Department of Energy giving them that tax credit was because  
2 they were going to be researching the capture of CO2 from that  
3 plant.

4 Q And, Mr. Furman, are you aware that TECO has received  
5 approval for investment tax credits for the proposed IGCC  
6 facility?

7 A I think I just stated that.

8 Q I was talking about the original.

9 A The original plant?

10 Q Yes, sir.

11 A I don't, I don't know the terms and conditions for  
12 the original plant.

13 Q Are you aware that JEA's north side plant burns about  
14 90 percent coke, pet coke in its CFB boilers?

15 A No, I did not know the exact percentage. And that  
16 is, that's a completely different technology than is being  
17 proposed for the Taylor Energy Center.

18 Q Now on Page 11 of your presentation you state, during  
19 the summer peak months availability is greater than 90 percent  
20 when using back-up fuel. And you're speaking of the Taylor  
21 (sic.) Polk plant; is that correct?

22 A Yes.

23 Q Can you tell me what the long-term reliability has  
24 been for the Taylor Polk -- TECO Polk plant?

25 A Sufficient so that Tampa Electric has decided to

1 build their next baseload plant based on this technology.

2 Q Do you know if it's achieved 90 percent reliability  
3 over the long-term?

4 A Over the long-term, probably not. But you have to  
5 remember that this was a plant that was designed 15 years ago.  
6 So I think it's important to compare new pulverized coal  
7 technology with new IGCC technology. Too many of the  
8 comparisons that I've seen have been comparing 15-year-old IGCC  
9 technology with new pulverized coal technology, which I don't  
10 think is representative.

11 Q Are you aware of any IGCC units in the United States  
12 that are achieving reliability factors of 90 percent over the  
13 long-term?

14 A All of the plants built in the United States have  
15 been built over ten years ago.

16 Q So the answer is no?

17 A There are only two plants, and they have not  
18 received -- they have, the overall avail -- if you consider the  
19 overall availability with the alternative fuel of natural gas  
20 or diesel, then the Tampa plant has reached that criteria, I  
21 believe.

22 Q But only -- sorry.

23 A But if you consider only the pet coke and coal  
24 portion of the fuel, it probably has not. But the real-world  
25 situation is, is that they have the back-up fuel available,



1 they use it, and they maintain the availability that they need.

2 Q But to answer my question, currently there are no  
3 IGCC units in the United States that burn primarily coal and  
4 pet coke that are achieving reliability rates of 90 percent  
5 over the long-term?

6 A That's probably correct.

7 Q In fact, the commercial operating experience in the  
8 U.S. with IGCC units is generally less than 300 megawatts?

9 A Yes. And I hope I have answered your concern about  
10 how you get to higher megawatt capacities by building multiple  
11 units.

12 MR. PERKO: No further questions.

13 CHAIRMAN EDGAR: Thank you, Mr. Perko.

14 Further questions?

15 MS. BROWNLESS: All I would ask is that -- is  
16 Mr. Furman's exhibit going to be marked into the record?

17 CHAIRMAN EDGAR: Yes. I was just about to take that  
18 up. It will be marked as Exhibit Number 82.

19 MS. BRUBAKER: 82.

20 (Exhibit 82 marked for identification.)

21 MS. BROWNLESS: Thank you, ma'am.

22 MS. BRUBAKER: And we have a copy, Mr. Furman. You  
23 provided one, so there's no need to bring an extra. We're  
24 good.

25 CHAIRMAN EDGAR: Mr. Jacobs.

1 MR. JACOBS: One brief question, Madam Chairman.

2 CROSS EXAMINATION

3 BY MR. JACOBS:

4 Q Mr. Furman, in your -- on Page 15 of your  
5 presentation you list out operating IGCC projects around the  
6 world.

7 A Yes.

8 Q How do the operating statistics of these plants  
9 compare with the statistics that you just gave Mr. Perko with  
10 regard to reliability and availability?

11 A I tried to indicate in both the -- in my verbal  
12 testimony the two plants in Italy. They're part of two  
13 refineries in Italy. They are integrated gasification combined  
14 cycle plants as listed by the Department of Energy. They are  
15 using waste materials from the refinery and they are, as  
16 published in Gas Turbine World, an industry publication, they  
17 are operating at more than 90 percent availability. So that's,  
18 that's published data that I refer to here. And that is for  
19 IGCC plants that have multiple gasification trains in order to  
20 get above the 300 megawatts. In this case, 510 megawatts for  
21 two gasification trains, and the Sarlux facility had  
22 545 megawatts, has three gasification trains. Neither of these  
23 plants have spare gasifiers. And even without spare gasifiers,  
24 they're able to maintain 90 and 94 percent availability.

25 MR. JACOBS: Thank you.

1 CHAIRMAN EDGAR: Thank you.

2 MS. PABEN: Mr. Furman, if I could ask you a quick  
3 question. Commissioner, is that okay?

4 CHAIRMAN EDGAR: Yes.

5 CROSS EXAMINATION

6 BY MS. PABEN:

7 Q On Page 16 of your report you list gasification-based  
8 projects that are in development in the United States. I  
9 wanted to refer to the size of these facilities regarding  
10 megawatts in comparison to the question that was asked to you  
11 by Mr. Perko.

12 It seems to me that you're indicating that a  
13 significant number of these are on par with the size of the  
14 facility proposed for Taylor Energy Center, and some, in fact,  
15 significantly exceed that; is that correct?

16 A Yes. And this is a little bit of a moving target,  
17 and that's why I need to specify that this chart was taken from  
18 a Department of Energy report that was put out in, conducted in  
19 2004, a survey at that time.

20 You'll notice at the top of that chart American  
21 Electric Power, 600 to 1200 megawatts. American Electric Power  
22 has gone further since this survey was done and has announced  
23 two plant locations, each of which will be over 600 megawatts.  
24 And they have the option of adding additional modules to each  
25 of those plants to get to higher capacities. And so that would

1 be an example on the top part of that chart, American Electric  
2 Power, going to, to multiple plants and going with  
3 600 megawatts. And they would be using two gasification  
4 trains, two 300-megawatt units to get to that 600-megawatt  
5 level, and could add additional modules to that plant as  
6 capacity increases. And this, I might point out, is a nice way  
7 of matching your, your capacity to your load growth; that you  
8 don't have to do it in large increments and sit with idle  
9 capacity until your load growth matches up, but you can add  
10 additional units as your load growth increases. So you've got  
11 some tremendous flexibility that that gives you.

12 I might notice -- note also on Page 17 that this is a  
13 chart that was prepared by one of the equipment manufacturers  
14 showing all of the different gasification plants that are being  
15 proposed across the country, and there's really 40 or 50  
16 gasification plants. So the gasifiers will produce other  
17 products: They'll produce fuels, they'll produce fertilizer,  
18 they'll produce hydrogen. There are 40 to 50 in total. Of  
19 those 40 to 50 across the country, 28 are specifically IGCC,  
20 specifically for power generation. And some of those I've  
21 listed there, and you'll see most of those are in the  
22 600-plus-megawatt range because they're going to be using two  
23 modules of 300 megawatts each. So there's no scale-up in the  
24 technology required. There's no additional risk involved in  
25 the manufacturers or the utilities because they're using

1 technology that's been demonstrated over the last ten to 12  
2 years by each of these manufacturers.

3 CHAIRMAN EDGAR: Thank you, Mr. Furman. You are  
4 excused. And I'm going to ask Ms. Brubaker to call the next  
5 person on the list.

6 MS. BRUBAKER: The next person on the list is  
7 Dr. Ron Saff, please.

8 DR. RONALD SAFF

9 was called as a witness and, having been duly sworn, testified  
10 as follows:

11 DIRECT STATEMENT

12 DR. SAFF: Good morning. My name is Dr. Ronald Saff.  
13 I'm an allergy and asthma specialist, a council member of the  
14 American Lung Association, and a part-time health columnist for  
15 the Tallahassee Democrat.

16 CHAIRMAN EDGAR: Excuse me, Dr. Saff. Just a moment.  
17 Yeah. Could you spell your name for us and repeat it?

18 DR. SAFF: Dr. Ronald Saff, S-A-F-F.

19 CHAIRMAN EDGAR: Thank you.

20 DR. SAFF: Commissioners, when one is considering  
21 affordability of energy, one must consider healthcare costs.  
22 Because if people are getting sick and missing work, they're  
23 obviously going to have difficulty paying for their electric  
24 bills.

25 MR. PERKO: Madam Chairman, I'm sorry to interrupt,

1 but --

2 CHAIRMAN EDGAR: Mr. Perko.

3 MR. PERKO: I'm concerned that we're straying from  
4 the issues that are cognizable in this proceeding, as you said,  
5 that the health and environmental impacts will be addressed in  
6 the site certification proceeding. So I'd just interpose an  
7 objection.

8 CHAIRMAN EDGAR: I note your objection for the  
9 record. And I'll also note that we are straying some, but we  
10 would like to hear from the customers that have come.

11 Dr. Saff.

12 DR. SAFF: Commissioners, JEA will tell you that  
13 their coal plant will meet Environmental Protection Agency  
14 standards for safe emissions, and, in fact, they're absolutely  
15 right. But what they won't tell you is that the emissions  
16 standards and clean air standards are not stringent enough, and  
17 that people are getting asthma attacks and heart attacks and  
18 cancer from levels of air pollution that are now considered to  
19 be safe. This fact was left out in the propaganda material  
20 that the City sent the voters, giving them the false sense of  
21 security that the coal plant will be safe. But just like  
22 there's no such thing as a safe cigarette, there's no such  
23 thing as a safe pulverized coal plant. They all cause death,  
24 disease and cancer.

25 The American Lung Association is suing the

1 Environmental Protection Agency for not ensuring clean air  
2 standards. Air pollution is costing you, Commissioners, and  
3 all of us in this room because we have to pay for this cost  
4 which is in the billions with our tax dollars and in higher  
5 insurance premiums and increased healthcare costs, not to  
6 mention the sacrifice of our health.

7           Commissioners, you and I are already paying dearly  
8 for the cost of coal plants around this country. One out of  
9 every six children are born with elevated mercury levels, which  
10 puts them at risk for cognitive impairment. Mercury prevents  
11 brain cells from developing normally. Commissioners, think  
12 about your own children or your sister's children or your own  
13 grandchildren. Do you want that for your family because women  
14 are eating fish poisoned with mercury? The economic toll comes  
15 from billions of dollars in lost economic opportunity and  
16 remedial education programs. You are already directly paying  
17 this from your wallets and purses now.

18           Commissioners, you and I and all of us in this room  
19 are living in a county that has the second highest level of  
20 particle pollution of any county in the state. You are at risk  
21 for a shortened lifespan and illness due to baseline air  
22 pollution levels. Do you want to increase your risk even  
23 further? Because not only is one planned for Taylor County,  
24 but one is planned for Blakely, Georgia, and we will be getting  
25 their air pollution as well.

1           The Florida and Georgia Medical Associations felt so  
2 strongly about the financial, the financial and human cost of  
3 coal plants that they passed a resolution warning about their  
4 health risks, and I'd like to quote that to you. "Air  
5 pollution increases both asthma attacks and deaths due to heart  
6 and lung disease with considerable financial and human cost to  
7 Floridians. And each year in Florida pollution from power  
8 plants triggers an estimated 28,000 asthma attacks and  
9 2,100 heart attacks, while causing 180 deaths in individuals  
10 with lung cancer."

11           We know that there's a direct correlation between  
12 ambient air pollution levels and asthma attacks. I'm an asthma  
13 specialist. I treat kids every day and adults every day with  
14 asthma. This medication, should you not have insurance, runs  
15 about \$270 a month. This drug that I have in my hand costs  
16 about \$12,000 a year. We have about 50 million uninsured  
17 patients in this country, and we are all paying this cost for  
18 our, in our tax dollars for these uninsured patients. And we  
19 know that when air pollution levels go down, we save on  
20 healthcare costs. As air pollution levels go up, we pay more,  
21 there's more emergency room visits and heart attacks. As the  
22 air pollution level declines, we save on healthcare costs.  
23 There is a direct correlation.

24           I wanted to bring your attention to an article that  
25 recently came out November of last year in The Lancet, and it



1 talked about developmental neurotoxicity of industrial  
2 chemicals. Commissioners, one in every six children has a  
3 developmental disability, one in every six, and that includes  
4 learning disabilities, developmental delays and cerebral palsy.  
5 And of that amount of the one in six kids that have a  
6 developmental disability, approximately 28 percent are directly  
7 or indirectly related to industrial chemicals. And of those  
8 industrial chemicals, a major one that's put out by the coal  
9 plants is mercury. We know just a small fraction of a teaspoon  
10 of mercury can contaminate a whole lake and all the fish in the  
11 lake. And, in fact, Florida has mercury warnings for all its,  
12 for all its rivers, coastal waters and lakes.

13           Commissioners, we have a pandemic of neurotoxicity in  
14 the hundreds of thousands in this country, which is shaving off  
15 the IQs of our American children. Industrial chemicals are  
16 playing a role in this. Not only is it an epidemic, but it's a  
17 pandemic.

18           Recently, October of last year, Sir Nicholas Stern  
19 from the United -- from England came out with the Stern Report.  
20 And I want to quote you an article that I gave to you, and it  
21 says that the earth faces a calamity on the scale of the world  
22 wars and the Great Depression unless urgent action is taken to  
23 decrease global warming. We're going to have more droughts and  
24 famine and we're going to have rising sea levels. We're also  
25 going to have an increase in mosquito-borne illness in Florida

1 with the warmer temperatures, and increase in heat strokes.  
2 That's going to increase our medical costs even more. "On par  
3 with the Great Depression."

4 I have some other economic and financial facts. The  
5 study by Cornell University researchers estimated total U.S.  
6 crop losses due to air pollution at over \$6.5 billion a year.  
7 This is, this is old data. Commissioners, it's going to be  
8 hard for people to pay for their energy bill if they have  
9 trouble paying for food.

10 A study commissioned by Los Angeles officials found  
11 that air pollution-related healthcare costs and lost work  
12 productivity in the Los Angeles area, just in the Los Angeles  
13 area alone cost over \$10 billion per year.

14 Another one that came out in Scientific American, old  
15 data, estimates of the societal cost of increased healthcare  
16 expenditures, environmental degradation and lost employment due  
17 to atmospheric emissions range from \$100 billion to  
18 \$300 billion per year.

19 Pace University study: The cost of the greenhouse  
20 effect in billions, \$140 billion, up to \$140 billion; toxic  
21 metals, up to \$60 billion; up to \$100 billion in health and  
22 work productivity. It goes on and on. Air pollution is  
23 costing this country billions of dollars. I see problems in my  
24 office when I'm treating adults and kids with asthma attacks.

25 In summary, Chairman, I'd like to thank you for your

1 article in the Tallahassee Democrat for mentioning  
2 affordability. The Commissioners understand the very basic  
3 economic facts that if the source of energy, coal, makes us  
4 sick with asthma attacks and heart attacks, strokes, cancer,  
5 decreased workdays due to illness, increased hospitalizations  
6 and emergency room visits and a decreased lifespan, then that  
7 needs to be figured into the equation of affordability. We  
8 must remember the Stern Report that says we're headed towards  
9 economic collapse by mid-century, and we must remember the  
10 children who are now in a pandemic of decreased IQ due to the  
11 all, due to all the pollutants we currently live in today.

12 The local chapter of the American Lung Association  
13 and the Capital Medical Society representing all the doctors in  
14 Leon County and the Tallahassee, Tallahassee Pediatric  
15 Foundation all oppose this coal plant. Commissioners and  
16 Chairman, if you have a conscience, this is a relatively easy  
17 decision to make. Say no to the Taylor Energy Center. Thank  
18 you.

19 CHAIRMAN EDGAR: Thank you, Dr. Saff.

20 Any questions? Commissioner Littlefield.

21 COMMISSIONER LITTLEFIELD: Thank you, Madam Chair.  
22 Dr. Saff, at my age when people start talking about lifespan,  
23 life expectancy, you get my attention.

24 You had, you had stated at the beginning of your  
25 presentation that this area is the highest or --

1 THE WITNESS: Second highest particle pollution of  
2 any county in the state.

3 COMMISSIONER LITTLEFIELD: Now is, is there a  
4 corresponding statistic that shows that people live less longer  
5 lives in this area?

6 THE WITNESS: Not specifically for this area. There  
7 is --

8 COMMISSIONER LITTLEFIELD: Well, that's what I'm,  
9 that's what I'm trying to tie together. You had stated that,  
10 that it's the highest in particulate.

11 THE WITNESS: But let me continue, please. The data  
12 is very clear in the medical literature that says the higher  
13 the ambient particle pollution, the increased death, disease,  
14 cancer and the decreased lifespan.

15 COMMISSIONER LITTLEFIELD: And that's what I'm trying  
16 to determine.

17 THE WITNESS: I --

18 COMMISSIONER LITTLEFIELD: Is there a statistic that  
19 tells us that the people who live in this area live shorter  
20 lives than other areas in the State of Florida where the  
21 particulate matter is not --

22 THE WITNESS: I'm not aware of any specific studies  
23 that can be done, but it's fair to assume that's probably the  
24 case.

25 COMMISSIONER LITTLEFIELD: That, that brings us to a

1 point. Do we base our, the decisions that we make on  
2 assumptions or do we make them on, on actual specific facts?

3 THE WITNESS: Sir, no specific studies have been done  
4 in Tallahassee per se, and I don't have the resources to do the  
5 study myself. But the evidence is very clear that not only  
6 does increased particle pollution cause death, disease and  
7 cancer, but it does decrease life spans. Not only that, but it  
8 increases heart attacks and cancer risks. So for numerous  
9 people -- the people who are most at risk for, for the effects  
10 of air pollution are the very young and the elderly and those  
11 with underlying heart and lung conditions and those with  
12 diabetes. Those are at increased risk. But everybody, every  
13 single person is at risk for increased health impacts due to  
14 air pollution.

15 COMMISSIONER LITTLEFIELD: No specific details?

16 THE WITNESS: No specific studies have been done in  
17 Tallahassee.

18 COMMISSIONER LITTLEFIELD: Thank you, Madam Chairman.

19 CHAIRMAN EDGAR: Thank you.

20 Mr. Perko?

21 MR. PERKO: No questions.

22 CHAIRMAN EDGAR: Okay.

23 MS. BROWNLESS: We do have one question, please.

24 CHAIRMAN EDGAR: Ms. Brownless.

25 CROSS EXAMINATION

1 BY MS. BROWNLESS:

2 Q Dr. Saff, are you a resident of the City of  
3 Tallahassee?

4 A Yes, ma'am.

5 Q And you're a City of Tallahassee ratepayer?

6 A Yes, ma'am.

7 Q So you pay electric bills to the City of Tallahassee?

8 A Yes, ma'am. Yes, ma'am.

9 Q Okay. Thank you.

10 A Thank you.

11 COMMISSIONER CARTER: Madam Chair.

12 CHAIRMAN EDGAR: Commissioner Carter.

13 COMMISSIONER CARTER: Dr. Saff, you're not suggesting  
14 that the only way the Commissioners would have any form of a  
15 conscience is that we agree with your perspective? Because did  
16 you say "show that we have a conscience"? I'm sitting here  
17 listening to you.

18 THE WITNESS: I'm suggesting, I'm suggesting that  
19 the, the evidence is overwhelming that -- of the health impacts  
20 of, of a coal plant here, and to -- in my opinion, to approve  
21 of a coal plant would be unconscionable.

22 COMMISSIONER CARTER: And you make this based upon  
23 facts that you assume to be --

24 THE WITNESS: I've handed you information on the  
25 facts of the dangers of coal plant pollution, and I'll be happy

1 to provide you further.

2 COMMISSIONER CARTER: Well, I resent your remarks  
3 about the conscience, us not having a conscience by doing our  
4 jobs. I mean, you're a doctor, are you not?

5 THE WITNESS: Yes, I am.

6 COMMISSIONER CARTER: Just because you don't do your  
7 job or you do your job, do people say you don't have a  
8 conscience? I mean, come on.

9 THE WITNESS: If I did something wrong --

10 COMMISSIONER CARTER: You want us to take your, you  
11 want us to take your statements serious, do you not?

12 THE WITNESS: If I do something wrong, then people  
13 would say -- and if I did something terribly wrong, people  
14 would say I made an unconscionable decision.

15 COMMISSIONER CARTER: You're saying that if we don't  
16 agree with you, we don't have a conscience. That's what I  
17 heard you say, sir.

18 THE WITNESS: That is not what I'm implying.

19 COMMISSIONER CARTER: Thank you.

20 CHAIRMAN EDGAR: Thank you, Commissioner.

21 Further questions? Seeing none, Dr. Saff, thank you  
22 for coming to talk before us. You're excused.

23 And Ms. Brubaker.

24 MS. BRUBAKER: And if we could have identified  
25 Dr. Saff's exhibit as number 83, please.

1 CHAIRMAN EDGAR: Yes. Number 83 for the file with  
2 the papers included in it. Thank you.

3 (Exhibit 83 marked for identification.)

4 MS. BRUBAKER: Calling the next speaker, Kim  
5 Williams.

6 KIM WILLIAMS  
7 was called as a witness and, having been duly sworn, testified  
8 as follows:

9 DIRECT STATEMENT

10 MR. WILLIAMS: Thank you. My name is Kim Williams.  
11 I'm a Tallahassee resident, local businessman and member of the  
12 Economic Development Council. I have followed this issue as it  
13 proceeded to become a part of the vetting process with an  
14 election that was held in Tallahassee last year in November  
15 where 60 percent of the residents, after hearing much of the  
16 same material discussed that you've heard here today, voted  
17 their support for the City to participate in the Taylor Energy  
18 Plan.

19 We are so dependent on one source of fuel. And in  
20 reading your report dated 2004 on the next ten years of energy  
21 in Florida, I note that we have the same concerns that you do  
22 about dependable energy in Florida in Tallahassee.

23 Natural gas is a very clean fuel, it's been a very  
24 affordable fuel. We found out with Katrina it's not a  
25 dependable fuel. We need to diversify our fuel and our



1 electric utility. Our electric utility is very important to  
2 Tallahassee in that half of the property is off the tax rolls  
3 here. It's an important revenue source to continue the quality  
4 of life that we enjoy in Tallahassee. And I would just hope  
5 that you would support the proposal by the Taylor Energy Plan.  
6 Thank you.

7 CHAIRMAN EDGAR: Thank you. Questions? Seeing none,  
8 you are excused. Thank you for your comments.

9 Ms. Brubaker.

10 MS. BRUBAKER: Barry Moline.

11 BARRY MOLINE

12 was called as a witness and, having been duly sworn, testified  
13 as follows:

14 DIRECT STATEMENT

15 MR. MOLINE: Thank you, Madam Chairman and  
16 Commissioners. My name is Barry Moline, and I sit here as a  
17 citizen of the Tallahassee community and as a customer of the  
18 Tallahassee electric utility. But I also wear another hat, and  
19 that's as Executive Director of the Florida Municipal Electric  
20 Association.

21 Now I consider myself to be an informed citizen who  
22 watches closely the decisions made by my local public power  
23 utility, and I'd like to make two brief points about  
24 Tallahassee's participation in the Taylor Energy Center.

25 First, I think that it's a good choice because of

1 fuel diversity. When it comes to investing money, the experts  
2 say that it's important to have a balanced portfolio of stocks,  
3 bonds, real estate, and they never recommend putting all of  
4 your eggs in one basket by placing all your assets, for  
5 example, in one stock. But that's exactly what the City of  
6 Tallahassee has been forced to do with its electric utility.

7 In 1992, the citizens of Tallahassee passed a  
8 referendum limiting investment in a coal plant to Leon County  
9 and adjacent counties and, as a result, Tallahassee has become  
10 95 percent dependent on natural gas and oil for the electricity  
11 that we generate and use.

12 With natural gas prices rising significantly in the  
13 past two years, this has resulted in large electricity price  
14 increases for the citizens of Tallahassee, and, in fact, the  
15 people of Tallahassee pay the second highest electric rate of  
16 all 56 electric utilities in Florida. That's not good for  
17 business, it's not good for the public. And I attribute this  
18 lack -- I attribute this to a lack of fuel diversity and heavy  
19 reliance on natural gas. And I have a statewide rate data  
20 chart that I'll submit for the record.

21 The second issue is that there's a very real risk of  
22 energy security and reliability concerns. After Hurricanes  
23 Katrina and Rita damaged the oil and gas rigs in the Gulf of  
24 Mexico in 2005, it caused a supply disruption where we were  
25 suddenly receiving only a fraction of our natural gas needs.

1 Tallahassee's heavy reliance on natural gas threatened our  
2 community with rolling blackouts. And this was a serious  
3 situation that concerned the entire state, if you recall, but  
4 because of our local heavy reliance on natural gas it was  
5 particularly acute. Now fortunately at that time we had cool  
6 weather and we had some backup oil that was significantly  
7 dirtier than coal in terms of emissions, and that helped us get  
8 through that two-week period. But the situation showed us a  
9 major stress in our energy supply situation.

10 Now sometimes governments are criticized for not  
11 reacting swiftly enough when they know that there is a problem.  
12 But here is a situation, it's our local electric reliability.  
13 We know that there's a problem and we can act before the  
14 problem confronts us again. In other words, we can close the  
15 barn door before the horse gets out.

16 To conclude, the City of Tallahassee's participation  
17 in the Taylor Energy Center will give us a unique opportunity  
18 to broaden our power supply portfolio. This, I believe, will  
19 result in more stable, reasonable electricity prices for  
20 consumers, as well as greater energy reliability in our  
21 community. Thank you.

22 CHAIRMAN EDGAR: Thank you. Mr. Moline, do you have  
23 a document to submit at this time?

24 THE WITNESS: Yes, ma'am.

25 CHAIRMAN EDGAR: Okay.

1 MS. BROWNLESS: Mr. Moline, do you have copies for  
2 the other parties?

3 THE WITNESS: No, I don't. I can make copies.

4 MS. BRUBAKER: What I would suggest --

5 CHAIRMAN EDGAR: Ms. Brubaker.

6 MS. BRUBAKER: If I could suggest, also the parties,  
7 I'm sure, would like an opportunity to review the documents.  
8 One thing I was -- we were suggesting is once the public  
9 testimony has concluded, we could take perhaps a break to allow  
10 the parties a chance to review the documents that have been  
11 submitted to us. We can certainly make copies as needed at  
12 that time, if that's acceptable, and that way let everybody  
13 have a chance to have a go-through before the discussion about  
14 moving the documents into the record.

15 MS. BROWNLESS: Would we have an opportunity at that  
16 time -- would Mr. Moline stay so that we'd have an opportunity  
17 once we looked at the document to be able to cross-examine him  
18 on it?

19 MS. BRUBAKER: If the question is looking at the  
20 document in order to cross-examine, I suppose we could make  
21 copies now.

22 MS. BROWNLESS: And I guess I might make this  
23 suggestion, Ms. Chairman. We've been here a while. If we took  
24 maybe a five-minute break that would allow copies to be made,  
25 that would also give us an opportunity to review it so that we

1 could cross-examine right now.

2 CHAIRMAN EDGAR: Okay. Mr. Perko.

3 MR. PERKO: We'd ask the same for Dr. Saff's document  
4 as well, I believe.

5 CHAIRMAN EDGAR: I'm sorry?

6 MR. PERKO: We'd ask the same for Dr. Saff's document  
7 which we didn't obtain a copy of.

8 CHAIRMAN EDGAR: Okay. It is 11:20, and Ms.  
9 Brownless is correct that we have been sitting here for a  
10 while, and I could use a stretch as well. I do note that we  
11 will, as I said earlier, we will be taking a break between when  
12 we conclude the public testimony portion before we start the  
13 evidentiary portion, at whatever time that is. And during that  
14 time we will have the opportunity for counsel to consult with  
15 our counsel as to any procedural matters that need to be  
16 addressed as well before we begin the evidentiary.

17 But with that, let's go ahead and, let's go ahead and  
18 take a ten-minute break, come back at 11:30. And during that,  
19 Ms. Brubaker, let's also talk about other records issues.  
20 Thank you. We are on break.

21 (Recess taken.)

22 CHAIRMAN EDGAR: We will go back on the record. And  
23 Mr. Moline, thank you for waiting. I believe when we went on  
24 break that we were going to work to have some copies made of  
25 your document, which we will go ahead and number as Number

1 84 for the record.

2 (Exhibit 84 marked for identification.)

3 CHAIRMAN EDGAR: I would also like to say that for  
4 those who have signed up to speak, if you do have documents  
5 that you would like to submit as a portion of your testimony,  
6 we probably are looking for about ten copies. If you do not  
7 have approximately ten copies, then we do have a staff person.  
8 If you can get with them -- Ms. Brubaker, who should we  
9 designate to help us with copies? And Bev is volunteering.  
10 Thank you, Bev.

11 MS. BRUBAKER: Bev DeMello at the back of the room.

12 CHAIRMAN EDGAR: Ms. DeMellow of our staff back in  
13 that corner -- if you have documents and do not have sufficient  
14 copies, if you would get with Bev and we'll see about making  
15 some courtesy copies. If the documents that you have are  
16 massively voluminous, then we'll try to probably have to do  
17 something a little different. But work with Bev and we will  
18 work through it.

19 Before, Mr. Moline, I come back to you, let me also  
20 go ahead and say that we, we are going kind of slow, and that's  
21 okay. I would ask you again to be cognizant of the time that  
22 we have and the fact that we do want to hear from everybody.  
23 And also to the parties and your witnesses, we have been able  
24 to clear the calendar for tomorrow, so I expect that we will be  
25 coming back tomorrow for a portion of the evidentiary

1 proceeding. So please make sure that your witnesses are  
2 available and are cognizant of that fact.

3 Ms. Brubaker, anything else that we should cover  
4 right now?

5 MS. BRUBAKER: The only other thing is a suggestion  
6 has been made in order to facilitate the speed at which we get  
7 people up to the stand for testimony is I go ahead and read  
8 several names in succession. I'm happy to do that. If you'd  
9 like, I'll go ahead and mention that after Mr. Moline finishes  
10 testifying, the next in turn will be Alex Rubinson or Robinson,  
11 and then George Cavros, and then Christine Thompson.

12 CHAIRMAN EDGAR: All right. Thank you very much.

13 And, Ms. Brownless, did you have a question?

14 MS. BROWNLESS: I believe Mr. Sims does.

15 MR. SIMS: Sure. I had just a couple of quick  
16 questions.

17 CROSS EXAMINATION

18 BY MR. SIMS:

19 Q In your testimony one of the things that you  
20 mentioned was the importance of, or concern about having  
21 sufficient capacity to meet demand and avoiding blackouts and  
22 those sorts of issues. Would you acknowledge that one  
23 important mechanism to help ensure that capacity and demand  
24 line up is maximizing efficiency in the form of demand-side  
25 management programs and conservation?

1           A     To restate your question, the, the concern is to have  
2 sufficient capacity to maximize DSM, is that what you're  
3 saying?

4           Q     I'm simply asking that as one mechanism, your, part  
5 of your testimony was about fuel diversity and having  
6 sufficient, sufficient capacity to meet demand. And I'm just,  
7 I'm just wanting to find out whether you acknowledge that one  
8 way to make sure that demand and capacity line up is to reduce  
9 demand. And one way, very important way of doing that is by  
10 having aggressive demand-side management programs and  
11 conservation measures.

12          A     Yes. And in fact what I would say is that it's  
13 important, parts of a balanced portfolio could include nuclear,  
14 could include renewable energy, could include maximized DSM,  
15 cost-effective DSM, all those things being cost-effective.

16          Q     And it's my understanding, and is it yours as well,  
17 that the City of Tallahassee has actually engaged in a fairly  
18 aggressive demand-side management portfolio?

19          A     Well, what I heard from the Mayor this morning is  
20 that they have those plans in their integrated resource plan.

21          Q     And as a component of that, of addressing the issues  
22 that you raised in your testimony, does it make sense that,  
23 that those same sort of opportunities should be taken by other  
24 participants?

25          A     Does, does it make sense that all of the participants



1 engage in cost-effective demand-side management --

2 Q Yes.

3 A -- as part of their portfolios? As part of their  
4 portfolios with the consideration of all aspects of, of  
5 resources, cost-effective resources.

6 Q Another really quick question. To your knowledge,  
7 has the City of Tallahassee experienced any rolling blackouts?

8 A No. And the -- what I said was that they avoided  
9 them by, by using -- we used energy conservation at that time,  
10 we made announcements on the radio for energy conservation, and  
11 for -- and the use of oil as backup fuel.

12 Q So there were mechanisms available to hedge against  
13 the risk of rolling blackouts.

14 A There were, there were mechanisms. But to just bring  
15 us back to that two-week time span, we were -- the City of  
16 Tallahassee was operating with great concern about not having  
17 enough fuel.

18 MR. SIMS: Thank you.

19 CHAIRMAN EDGAR: Thank you.

20 Other questions for Mr. Moline? Seeing none, thank  
21 you very much.

22 THE WITNESS: Thank you, Madam Chairman.

23 CHAIRMAN EDGAR: And, Ms. Brubaker, the next person.

24 MS. BRUBAKER: The next speaker will be Alex  
25 Robinson.

1 CHAIRMAN EDGAR: Thank you.

2 Commissioner Arriaga, I'm sorry.

3 COMMISSIONER ARRIAGA: I'm sorry. I'm asking you a  
4 question regarding if this -- is Mr. Moline's marked --

5 CHAIRMAN EDGAR: Yes, we have. We have marked that  
6 as 84.

7 COMMISSIONER ARRIAGA: 84. Thank you, Madam  
8 Chairman.

9 CHAIRMAN EDGAR: Yes, sir.

10 ALEX ROBINSON

11 was called as a witness and, having been duly sworn, testified  
12 as follows:

13 DIRECT STATEMENT

14 MR. ROBINSON: Thank you, Madam Chair, Commissioners.  
15 I'm Alex Robinson. I'm a Commissioner in Baker County. I'm  
16 not here to interfere or -- with future development or  
17 anything. I'm here to express my concerns for my county.

18 Baker County is a small rural county of 27, 28,000.  
19 We're between Jacksonville, Duval County, and Lake City,  
20 Columbia County. In Baker County we have -- the City of  
21 Macclenny is our county seat. To the west of us a mile is  
22 Glen Saint Mary, to the west of Glen is Sanderson, and the  
23 other town is Olustee. In the City of Macclenny alone are five  
24 railroad crossings, and in Glen St. Mary it's two crossings, in  
25 Sanderson is two crossings, and Olustee we have two crossings.

1           My concern is in the Town of Sanderson we already  
2 experience trains blocking both crossings so no traffic can  
3 cross from US 90 to the north of the railroad track. On the  
4 corner of one of the main crossings that accepts traffic from  
5 the interchange of Interstate 10 and we call it 229, at the  
6 railroad track is a rescue fire station. That rescue fire  
7 station has been at times delayed one hour and 45 minutes  
8 because a train blocked both crossings in Sanderson alone. The  
9 cost of one life is not worth the train sitting there for any  
10 period of time. We have to worry about police, fire, rescue,  
11 busses and employment. Some of our employees at facilities to  
12 the southern portion of Baker County cannot participate at  
13 their work because of the schedule of the trains: They're  
14 either there late, they're coming home late because of the  
15 conflict with the traffic of the train.

16           I have personally written our Congressmen, Bill  
17 Nelson and Ander Crenshaw about the situation; the Governor at  
18 that time, Jeb Bush; my local representative Senator Argenziano  
19 and Representative Bean. I got an 800 number. "If you  
20 continue to have a problem, please call this 800 number." I  
21 have the letter on file at my office.

22           And, Commissioners, I am afraid that with this one  
23 train route from Duval County to the facility in Taylor County  
24 is only going to enhance more stoppages at that crossing that I  
25 feel strongly -- we had a meeting with our Commission, and I'm

1 representing our Commission, we feel that we can't afford this  
2 for our community.

3           So I'm not here to stand in the way of what  
4 Tallahassee needs, Perry (sic.) County needs. Their needs are  
5 important to them. And in your decision-making process I wish  
6 you would appreciate us smaller counties that have to put up  
7 with this traffic on the way to this station that is probably  
8 needed. Without a doubt it's needed. But Baker County alone  
9 cannot afford for trains to sit there an hour and a half day in  
10 and day out. If we had a bypass, maybe that could be  
11 considered as a recourse for what needs to happen in Taylor  
12 County. But my urge to you is consider not only what the  
13 doctor just explained and what everybody else has explained,  
14 but consider what may happen as a result of that train blocking  
15 the crossings in Sanderson alone that could result in some  
16 catastrophe.

17           I appreciate the time spent with you, and I would  
18 like for your consideration in this particular situation  
19 especially. Thank you very much.

20           CHAIRMAN EDGAR: Commissioner, thank you for your  
21 comments. Let's see if there are any questions for you.

22           Commissioner Carter.

23           COMMISSIONER CARTER: Commissioner, thank you for  
24 coming. Thank you so much for coming. We sincerely appreciate  
25 that. And I think by virtue of being a Commissioner you

1 understand what kind of functions we're into. And this is a  
2 legitimate perspective. What you have raised is a legitimate  
3 perspective. Because you're right, it's fire, rescue, police,  
4 moms getting their kids back and forth to school or ball games.  
5 I mean, you know, it may not be significant to us, but if my  
6 kid, my daughters, if they had missed one of their ball games  
7 or something like that, we'd have to call, you know, call the  
8 president to the house. So it was serious stuff.

9           Madam Chairman, I wish Mr. Cooke was here. I don't  
10 know, but I do think, if, if nothing else, we certainly should  
11 be able to do a friend of the court letter to our congressional  
12 representation or Legislature. I mean, maybe they could --  
13 it's not fair for one community to bear that price. And I see  
14 what you're saying. You're saying that that's just one more  
15 train, one more train. And you're right, one life is far more  
16 important than the trains who -- it's -- somehow or another we  
17 have a state where every day 1,004 people are moving here.  
18 They've got to go somewhere, somewhere. By the same token,  
19 those of us that have been here, then we shouldn't get run over  
20 by the train.

21           I don't know legitimately what we can do, but I  
22 certainly would like for us to raise the flag and say, look, in  
23 the context of -- this is way beyond the scope, so please  
24 forgive me, Madam Chairman, but this is something that's,  
25 that's beyond the scope. But certainly we should be on the

1 record as saying this is a legitimate perspective that we as a  
2 state in all of our disparate entities -- we can't keep saying  
3 that's not my job, that's not your job. Here's a situation  
4 where people's lives are being impacted. Maybe, Madam  
5 Chairman, you could send a letter to the Governor, a  
6 legislative delegation to see if there's some kind of  
7 transportation. You remember we used to do that in the  
8 Legislature? Transportation funds to build an overpass or  
9 something like that to where -- I'm way beyond the power plant  
10 now. Okay? I'm way beyond the power plant. But somehow or  
11 another because of health, safety, welfare, particularly in  
12 this post-911 time, to, to provide an opportunity for this  
13 county to not to be cut off from civilization because or at the  
14 expense of other counties.

15           So I'm on my soapbox now, but, you know, I appreciate  
16 what Dr. Saff had to say. But I think that when you're saying  
17 things, you bring it in a perspective to where there's some  
18 things that we cannot do, but there's some things that we can  
19 do. But if we're just another voice with your voice, then  
20 maybe somebody will listen. And, Madam Chairman, I know this  
21 is far beyond the scope of our perspective here, but I know  
22 that you, in your leeway you've allowed people to speak that  
23 had nothing to do with the issue. But in the context of that,  
24 I think maybe we could add our voice to this so maybe they'll  
25 look at a different alignment or maybe they'll look at trying

1 to find some resources to build an overpass so that people can  
2 at least get to the doctors, get to school, get to work, you  
3 know, the fire and rescue people can get people to the  
4 hospitals. I mean, this is -- as I say, it's beyond the scope  
5 of what we're doing. But what really is at -- we want people  
6 to continue to move to Florida, we want to be able to meet  
7 those resources and all like that, but not at the expense of  
8 those of us that are already here. So thank you for your  
9 indulgence, Madam Chairman.

10 CHAIRMAN EDGAR: Commissioner Carter, you have raised  
11 a number of points, as has the Commissioner from Baker County,  
12 that as you've pointed out are beyond the statutory authority  
13 and purview of this Commission. However, we all do recognize  
14 that there are many, many, many impacts and factors to be  
15 considered and that should be considered in any siting issue,  
16 and I would put this into, into that category.

17 I am also noting that our General Counsel is in the  
18 room and I think would like to shed a little additional light.  
19 So I will look to Mr. Cooke.

20 MR. COOKE: Only to -- this is beyond the scope of  
21 this proceeding per se, but there are other aspects of siting  
22 certification, et cetera, where I'm pretty sure that this type  
23 of issue can and is addressed. And if there is a sense of the  
24 Commission to want to try to find a way to express an opinion  
25 at those stages, there may be a way for us to look at that as

1 well.

2 CHAIRMAN EDGAR: Okay. And thank you, Mr. Cooke.

3 And what I would ask, because I know our staff is taking, as  
4 always, copious notes, and I also know that the applicant has  
5 heard the concerns that have been raised and the discussion and  
6 may be able to shed some additional information at another  
7 time, I will ask our staff to look into it and, Commissioner  
8 Carter, to respond to you directly and also to share with the  
9 rest of us what that information is and at what appropriate  
10 point, venue or forum we can perhaps comment.

11 COMMISSIONER CARTER: Thank you, Madam Chair.

12 CHAIRMAN EDGAR: Thank you.

13 Commissioner Littlefield.

14 COMMISSIONER LITTLEFIELD: Thank you, Madam Chair.

15 Just -- and I should know this. I admit that I don't. Is  
16 there any regulation or ordinance or law that prevents a  
17 railroad crossing from being blocked for a certain amount of  
18 time? You had mentioned an hour and a half, and that --

19 THE WITNESS: Yes, sir. Commissioner, in response to  
20 your question, we do have an ordinance in place, as most  
21 counties do. A train cannot block a crossing for more than 15  
22 minutes. We are authorized by that ordinance for our sheriff  
23 and his deputies to arrest the conductor. But that does not  
24 work. They're very belligerent, they will not accept the  
25 ordinance in place. We have tried this on several occasions.





1 \$5 million for a railroad bypass to address similar concerns?

2 A I do know about that.

3 Q Okay. Do you know whether or not this information  
4 regarding the City of Perry was included in the applicants'  
5 projected costs for this facility as the statutory authority  
6 does extend to any costs incurred for transportation costs  
7 associated with the facility?

8 A I don't know if any of those costs that you're  
9 talking about would come to Baker County. I have no idea.

10 MS. PABEN: Thank you very much.

11 CHAIRMAN EDGAR: All right. Commissioner, again,  
12 thank you for coming to share your concerns with us. It's been  
13 very helpful.

14 THE WITNESS: Thank you much.

15 CHAIRMAN EDGAR: Ms. Brubaker.

16 MS. BRUBAKER: The next speaker is George Cavros.

17 GEORGE CAVROS

18 was called as a witness and, having been duly sworn, testified  
19 as follows:

20 DIRECT STATEMENT

21 MR. CAVROS: Good morning, Commissioners, and I  
22 believe it still is morning. My name is George Cavros. I'm an  
23 environmental law attorney in private practice based in Fort  
24 Lauderdale, and I thank you for the opportunity to address you  
25 today. I'm going to address you, basically, on Issue 5 and how

1 it relates to reasonable costs. But before I do that, I would  
2 like to thank Doctor Saff for coming in and raising the issue  
3 of what economists call negative externalities.

4 We tend to have a very myopic view of what cost is.  
5 Right now cost is basically, we know what the cost is to the  
6 ratepayer, but we rarely or actually never consider what the  
7 health costs are on the ground. And I hope at some point we  
8 will be able to move in that area and fully account for not  
9 only the cost to the ratepayers, but the emissions from the  
10 plants which unfortunately society is left to pick up that tab.

11 Now, I'm going to be really brief, because I don't  
12 think my voice will hold out for very long, but I felt  
13 compelled to come before you today because I feel you have a  
14 really unique opportunity to bring Florida into the 21st  
15 century as it applies to full cost accounting to what utilities  
16 will have to pay for the right to emit carbon dioxide. Now,  
17 the TEC 2006 Resource Plan places squarely before this  
18 Commission a planning question which is ripe for discussion:  
19 How will Florida continue to meet its electricity needs in the  
20 carbon constraint years that lie ahead and how can the PSC  
21 protect ratepayers from utility carbon cost exposure? And I'm  
22 concerned that if this information isn't accurate, Florida  
23 ratepayers will be walloped with large rate increases in the  
24 near future.

25 Now, it's clear that some form of federal greenhouse

1 gas emission limit is forthcoming. The U.S. Senate passed a  
2 resolution just last year encouraging -- rather recognizing the  
3 importance of attacking the growing threat of global warming  
4 through a CO2 reduction plan. Several months ago Congressman  
5 Waxman introduced the Safe Climate Act that requires a freeze  
6 across the economy on U.S. greenhouse gases starting in the  
7 year 2010, followed by a two percent reduction every year  
8 through 2020, and then annual cuts of 5 percent per year are  
9 required beginning in 2021 and ending in 2050.

10           Also in the Senate last year, Senators Domenici and  
11 Bingaman developed a white paper, a bi-partisan white paper  
12 laying out a whole host of CO2 mandated reduction options, and  
13 each and every one of those options included mandated CO2  
14 reductions for the utility sector, which accounts for about a  
15 third to 40 percent of the CO2 that is emitted in the United  
16 States right now.

17           Now, in the last few years the primary policy  
18 responses have occurred at the state level. In addition to the  
19 20 states that have adopted renewable energy standards, partly  
20 in response to global warming, many have now adopted policies  
21 directly intended to limit greenhouse gas emissions. Several  
22 northeastern mid-Atlantic states which you are probably very  
23 familiar with have moved ahead with their own regional cap and  
24 trade system called the Regional Greenhouse Gas Initiative that  
25 will impose mandatory limits on CO2 emissions from their power

1 sector.

2           Massachusetts, New Hampshire, Washington, Oregon,  
3 they have all passed laws limiting power plant CO2 emissions or  
4 requiring them to purchase offsets. And in Washington, Oregon,  
5 and California they have combined to form what is called the  
6 West Coast Governors Global Warming Initiative which involves a  
7 variety of steps to reduce greenhouse gas emissions in those  
8 states. But I would argue to you even more importantly is that  
9 it is Florida legislative intent that we move in a direction to  
10 reduce CO2 emissions.

11           I will remind you that last year's passage of Senate  
12 Bill 888 created an energy commission which is specifically  
13 tasked with developing a statewide CO2 reduction plan. And, in  
14 fact, this commission as we speak is being inducted by the  
15 House Energy Committee over at the capitol. So even the state  
16 of Florida is preparing for a carbon constraint world with its  
17 own plan. And I feel that the PSC shouldn't dismiss such  
18 evidence as hearsay because that is really tantamount to  
19 willful blindness of a future where carbon will most surely be  
20 regulated and not accounting for the costs of the right to emit  
21 carbon places ratepayers at risk.

22           Now, in the last few years there has been a distinct  
23 shift in the way even the power industry have used climate  
24 change and the need to respond. Some industry leaders openly  
25 support new emission limits, especially in the form of a cap

1 and trade system which is what we have really being seeing out  
2 there. For instance, American Electric Power, which is the  
3 largest electric generator in the country, and they use  
4 primarily coal to generate electricity, initially fought the  
5 idea of carbon limits, but it shifted its approach in the '90s  
6 towards preparing for those limits. An AEP senior  
7 vice-president for environmental affairs has stated that we  
8 felt it was inevitable that we are going to live in a carbon  
9 constrained world.

10           Also, the head of Duke Energy, Paul Armstrong,  
11 delivered a speech to energy industry leaders at a Houston  
12 forum calling for an economy-wide federal carbon tax. Also,  
13 Excels former CEO, Wayne Bernetti (phonetic), has said that the  
14 U.S. will likely impose carbon emission regulations in some  
15 form or another on the power industry in the near future. And  
16 he is quoted in Business Week as saying give us a date, tell us  
17 how much we need to cut, give us the flexibility to meet those  
18 goals and we'll get it done. And I hope TEC will follow that  
19 lead.

20           Now, we must assume now that in the years ahead that  
21 TEC plant and other Florida electric utilities will be required  
22 to pay for the right to emit carbon dioxide. It is now highly  
23 probable that such limits will be established definitely within  
24 the working lifetime of any coal plant built to meet the  
25 demands identified in the TEC resource plan. And, in fact,

1 such limits could even be in place before TEC ever generates  
2 its first megawatt of electricity. So I believe the Commission  
3 should require the Taylor plant to make future carbon  
4 constraints a central feature of its long-term energy planning  
5 and we mustn't lose sight of the fact that building some sort  
6 of CO2 hedge value protects ratepayers against carbon  
7 constraints and those costs further on down the line.

8           And these estimates, or rather these estimates of  
9 future CO2 regulatory costs that are built into current  
10 resource plans, they go by different names. They are called  
11 CO2 proxy costs in Colorado, Idaho Power uses the term carbon  
12 tax risk, while Pacific Corp refers to CO2 allowance costs, and  
13 the California Public Utilities Commission calls them CO2  
14 adders. The purpose of all of these state plans is to hedge  
15 against foreseeable financial risk to their ratepayers.  
16 Therefore, it would be prudent for the Commission to order TEC  
17 to provide in its plan at least the following elements to  
18 ensure that any sensitivity analysis is accurate.

19           First, information necessary to project the likely  
20 level of future CO2 allowance prices over the next 30 years,  
21 including an inventory of the expected CO2 emission profile of  
22 the plant. In addition, projected CO2 allowance prices for at  
23 least three potential cap and trade regulatory scenarios  
24 representing the company's best estimate projections bounded by  
25 high and low projections based on a survey of international and

1 national proposals.

2           Secondly, at least one projection estimating the  
3 regulatory costs that would result from a national effort to  
4 achieve emission reductions in the range of 60 to 80 percent by  
5 the year 2050, which is what science tells us is necessary to  
6 avoid the worst impacts of global climate change, and likely  
7 the plant will still be in business by that time.

8           Thirdly, a description of the critical components of  
9 each regulatory scenario considered, including the level of the  
10 CO2 cap, the schedule of emission reductions, the availability  
11 of domestic and international trading, and its impact on  
12 allowance prices.

13           And, lastly, describe all assumptions that went into  
14 the calculation of likely allowance costs required above.  
15 Included with those should be improvements in renewable energy  
16 and demand-side efficiency technologies.

17           So, simply put, without accurate carbon cost  
18 information, you can't efficiently fulfill your mandate to  
19 determine the ultimate cost to Florida ratepayers from the  
20 electricity that will be generated by this plant. This type of  
21 CO2 regulatory analysis that I mentioned is, I believe, the  
22 best way to ensure an accurate sensitivity analysis, and I  
23 would also like to thank you in advance for protecting the  
24 interests of Florida ratepayers. Thank you so much.

25           CHAIRMAN EDGAR: Thank you.



1 Commissioner Carter.

2 COMMISSIONER CARTER: Thank you very much for coming  
3 today. And let me just ask you to please stay involved,  
4 particularly when it gets to the environmental perspective. I  
5 think you have a lot to offer there.

6 A lot of what you recommend -- it's interesting that  
7 you mentioned the legislature today, because a lot of what you  
8 have mentioned is going to require legislative action. So  
9 obviously I would certainly hope that as you continue to be  
10 involved in the environmental perspective of this, when it gets  
11 to that level, as well, maybe visit a few blocks down the road  
12 there to our legislators and let them know about these sorts of  
13 things.

14 I think that when you look at the entire panoply of  
15 issues there are some things that we obviously can't control  
16 what the Congress does or does not do, so a lot of what you are  
17 saying may or may not be even applicable to Florida in terms of  
18 where we have jurisdiction. But I certainly think that you  
19 have some creative ideas and some well-thought ideas and not  
20 some things that we haven't thought about before, but certainly  
21 well articulated. And I would suggest, particularly as they  
22 get not into the environmental phase of this process, please,  
23 sir, be involved. I mean, you have a good command of the facts  
24 and those issues need to be presented at that time.

25 But also if you get a chance, please stop by the

1 legislature and, you know, share some of those ideas. Because  
2 a lot of what -- you know, we have a fairly limited grant of  
3 authority as we are now, we are basically doing a need  
4 determination. But I think that what you have to say is  
5 significant, and obviously we are not robots or automatons that  
6 we are not aware of these things, but we certainly would  
7 appreciate, you know, when you have good thoughts like that to  
8 pass it on to the legislature so they can make the policy and  
9 we can implement those policies. So thank you for being here  
10 today and thank you for your ideas.

11 Thank you, Madam Chairman.

12 CHAIRMAN EDGAR: Thank you.

13 Commissioner Arriaga.

14 COMMISSIONER ARRIAGA: One quick question. Is it  
15 your testimony today that the study presented by the proponents  
16 does not consider or include any projections for potential  
17 costs that may derive from environmental costs to emissions?

18 MR. CAVROS: Well, the emissions I'm referring to  
19 directly are CO2 costs. And what I have done is, of course,  
20 tie them into your mandate under Section 403.519 that you look  
21 after Florida ratepayers and ensure that electricity is  
22 delivered at a reasonable cost. And in order to determine what  
23 that cost is, I think it's important to not be blind to the  
24 fact that there will be CO2 limits and there will be costs once  
25 this plant is built to go out and purchase allowances for the

1 right to emit carbon dioxide.

2           So, again, I limited my -- tried to limit my  
3 testimony to CO2 emissions as they relate to ratepayer exposure  
4 and how they factor into providing reasonable cost energy to  
5 the ratepayer.

6           COMMISSIONER ARRIAGA: And I agree with you, I just  
7 wanted to know if you have had the time to review if this  
8 specific project took the time to include or study those  
9 potential additional costs?

10           MR. CAVROS: Right. I apologize, I have not had the  
11 time to review this specific resource plan, but I did lay out  
12 some steps that I think would be prudent in taking -- for the  
13 proponent to include as part of the resource plan so at least  
14 you have some idea of what is coming on down the line.

15           COMMISSIONER ARRIAGA: Thank you.

16           MR. CAVROS: Thank you.

17           CHAIRMAN EDGAR: Thank you. Ms. Brubaker.

18           MS. BRUBAKER: Christine Thompson. And just for  
19 everybody to be aware, the next three speakers after Ms.  
20 Thompson will be Charles Poppell, Gary Lloyd, and Roger Fontes.

21           CHAIRMAN EDGAR: Thank you.

22                           CHRISTINE THOMPSON

23 was called as a witness and, having been duly sworn, testified  
24 as follows:

25                           DIRECT STATEMENT

1 MS. THOMPSON: Christine Thompson. Christine with a  
2 "C" and Thompson.

3 CHAIRMAN EDGAR: Ms. Thompson, if you would, lean  
4 into the microphone a little bit for us. Thank you.

5 MS. THOMPSON: And I'm from Taylor County. And thank  
6 you for allowing me to speak.

7 I'm concerned about the financial impact on the  
8 health care in our county. State comp plan compliance  
9 187.201(6)(b)(2)(a) reads, "Every Florida resident has a right  
10 to breathe clean air, drink pure water, and eat nutritious  
11 food."

12 I'd like to ask each one of you to picture yourself  
13 as a prisoner in your own home. You can't sit on your patio,  
14 your porch, or in your yard, or take a walk without coughing,  
15 wheezing from asthma, or having some kind of breathing problem.  
16 And the air in your home is not really clean, either. There  
17 are actually some people in Taylor County living in this  
18 situation, and that may sound far out, but that is true because  
19 of the pollution from the paper mill, especially when there is  
20 a low ceiling.

21 The proposed pulverized coal plant would add tons  
22 more per year of carbon, sulfur dioxide, and other pollutants  
23 to the air we breathe, including brain-damaging mercury.  
24 Mercury also contaminates the water, which contaminates the  
25 fish and seafood.

1 Another area of concern is the lack of a sufficient  
2 water supply for a coal plant. A coal plant would need  
3 millions of gallons of water a day, and our water table is  
4 already very low. And also it would seem a shame to have money  
5 obligated to an outdated form of energy for fifty to sixty  
6 years in the future when so many better alternatives are  
7 available.

8 My family and I ask you to have mercy on us and our  
9 county and deny the request for this plant. Thank you.

10 CHAIRMAN EDGAR: Thank you, Ms. Thompson.

11 Are there questions?

12 MR. PERKO: Madam Chairman.

13 CHAIRMAN EDGAR: Mr. Perko.

14 MR. PERKO: I have no questions, but I would just  
15 like to interject the same objections regarding environmental  
16 health impacts. I didn't want to interrupt Ms. Thompson.

17 CHAIRMAN EDGAR: I understand. Thank you, Mr. Perko.

18 Thank you, Ms. Thompson.

19 MS. THOMPSON: Thank you.

20 CHAIRMAN EDGAR: Ms. Brubaker.

21 MS. BRUBAKER: Charles Poppell.

22 CHARLES POPPELL

23 was called as a witness and, having been duly sworn, testified  
24 as follows:

25 DIRECT STATEMENT

1           MR. POPPELL: I'm Charles Poppell from Perry, also,  
2 and I appreciate the opportunity to speak here today. To me  
3 the thought of having a pulverized coal plant there in Taylor  
4 County is -- even though it may not even be needed is of great  
5 concern to myself and others, and I urge ya'll to please  
6 require a complete study on the need before allowing this  
7 pollution to occur.

8           I was at a Commission meeting where our County  
9 Commissioners were given over 800 signatures asking for a vote  
10 on the issue, and they completely ignored our pleas. The  
11 Buckeye Paper Mill was built in sight of your house in the  
12 early to mid-'50s and my mother was diagnosed later with having  
13 scarred lungs. One doctor said he thought it was from  
14 breathing the paper mill pollution, but also said he wouldn't  
15 say that in court. My mother had bad health problems for years  
16 and died six or seven years younger than her two other sisters.  
17 She was eaten up with cancer.

18           The pulverized coal plant would bring more  
19 unnecessary and disastrous pollution to this area, and many  
20 people would die as a result. And with 3,000 acres there, it  
21 is obvious to me that there are plans for more plants and more  
22 trains and more problems.

23           I worked on construction on some coal-fired plants at  
24 Seminole near Palatka, for instance. I helped change out  
25 stainless steel cable tray around the plant as well as piping

1 and so forth that had been badly rusted out by the pollution of  
2 the plant.

3 I watched the Climate Control with Doctor Heidi  
4 Cullen on The Weather Channel several weeks ago. It's on at  
5 5:00 p.m. on Sunday. It was entitled, "Fuel for Thought, Video  
6 Number 104." She had the Governors of California, North  
7 Dakota, and Montana on speaking against pulverized coal plants  
8 and in favor of coal gasification. One governor stated that  
9 the coal plant stacks were built so tall that the pollution  
10 would be dumped in someone else's backyard, but went on to say  
11 that now we are running out of backyards. They explained that  
12 there is enough coal in North Dakota and Montana, I believe it  
13 was, that through gasification they could produce enough clean  
14 fuel to be piped to different areas and provide energy for the  
15 country for years. And there are other solutions out there,  
16 also.

17 And many people will pay great prices in bad health,  
18 high medical bills, early death and so forth for having a  
19 pulverized coal plant there. A lot of people drink bottled  
20 water now due to polluted wells. The coal plant would make  
21 that much worse. And as was mentioned about the water level  
22 being dropped, I know before the paper mill came we used to go  
23 frog hunting and, you know, there were ponds all over out  
24 there, and then they all went dry.

25 According to the state comp plan, I believe it was

1 mentioned that Florida residents have a right to breathe clean  
2 air and drink pure water and so forth, and it seems that this  
3 proposed plant would be in violation of that. The Fish and  
4 Game Commission should be concerned because the mercury would  
5 further contaminate our streams and make the fish more unsafe  
6 to eat. I understand Florida streams already have a huge  
7 mercury problem.

8           And the Agriculture Commission should also be  
9 concerned because of the damage to the vegetation and soil.  
10 This is a situation that is being forced on countless thousands  
11 of people for generations to come by five county commissioners  
12 who refuse to let the people vote on it. And I plead with you  
13 not to allow further pollution of our air, water, vegetation,  
14 and soil which would create irreparable health problems for  
15 generations to come by this coal plant.

16           I thank you for your serious consideration of the  
17 matter. Our lives are in your hands. Thank you.

18           CHAIRMAN EDGAR: Thank you, Mr. Poppell.  
19           Questions?

20           MR. PERKO: No questions, Madam Chairman, just the  
21 same objection regarding health matters.

22           CHAIRMAN EDGAR: Standing objection. Understood.

23           MR. PERKO: Is that a standing objection?

24           CHAIRMAN EDGAR: That works for me. Does that work  
25 for you?



1 MR. PERKO: That works for me.

2 CHAIRMAN EDGAR: We will call it a standing  
3 objection.

4 MR. PERKO: Thank you.

5 CHAIRMAN EDGAR: Mr. Poppell, thank you very much for  
6 coming to speak to us.

7 MR. POPPELL: Thank you.

8 MS. BRUBAKER: Gary Lloyd.

9 GARY LLOYD

10 was called as a witness and, having been duly sworn, testified  
11 as follows:

12 DIRECT STATEMENT

13 MR. LLOYD: Good morning, Commissioners. I'm Gary  
14 Lloyd. I'm chair of the Sierra Club's Big Bend Group. Before  
15 I make a few comments, I would like to correct a statement made  
16 by speaker Ken Williams. He said that in the City of  
17 Tallahassee 60 percent voted for the coal plant. That is not  
18 true. They voted for permission and authority to give to the  
19 Commission to explore the possibility of the Taylor County  
20 plant. And if it was found to be the best option, then they  
21 should adopt it. That was the correct referendum language.

22 I wanted to make just a few comments that the Sierra  
23 Club has a position on, and many of these have already been  
24 spoken of. Many have been spoken of, so I won't go into those.  
25 When we talk about needs, I think that a consumer has no right

1 to say I need to waste energy. I mean, that's not a part of  
2 the needs determination. In fact, it should be I need to make  
3 sure I don't waste energy.

4 I would love to see that somehow integrated into the  
5 mission position of the PSC. I would also like to see  
6 something integrated in as to efficiency. We have a number of  
7 opportunities we did not have 15 years ago. We have right now  
8 the tax credit, the federal tax credit. The state has passed  
9 this energy bill with rebates there and subsidies. Here in  
10 Leon County, I don't know about the others, but we have  
11 subsidies for certain appliances, et cetera. Consumers do have  
12 to pay a part of that, but we did not have those 15 years ago.  
13 And when we talk about efficiency, that needs to be somehow  
14 considered and integrated into decisions.

15 The same way with conservation. Things such as  
16 tiered conservation rates. Some cities have three levels,  
17 thresholds. I know Lakeland has three, and some have two. We  
18 don't have any in Tallahassee, and I would like to see those  
19 part of the -- written into any decision that it is mandatory  
20 that those things have to be factored in, such as the  
21 conservation rates for the amount used, peak and nonpeak hour  
22 pricing, and direct load control whether people are willing to  
23 take short interrupted service which does not affect their heat  
24 and air over power.

25 When we talk about diversity, to me -- we have talked

1 a lot about that, but diversity to me is not a coal-fired  
2 plant. I mean, it includes a lot of other things, just these  
3 things I have mentioned. And, of course, it includes  
4 renewables, the biomass, the solar, and the wind. The solar  
5 and the wind are two that we do not know ahead what's going to  
6 happen. The solar is too high-priced now, but it is dropping  
7 fast every year. The wind is priced cost competitive, but it  
8 is not abundant, so we don't have that availability. But we do  
9 know not what it is going to be like in seven years. I  
10 certainly think that both will improve and should be considered  
11 in part of the planning process, and it should be written in as  
12 mandatory that somehow we have to factor that in.

13 An affluent gambler can risk his money paying the  
14 Chicago futures market, but a government entity should not be  
15 risking the money of taxpayers or stockholders when we don't  
16 know what's going to happen. And the price of coal could be  
17 very well affected by a carbon tax, that has been talked about  
18 a lot. And we are likely to see something, we don't know what  
19 it is. So in that I would ask that somehow you could work out  
20 something and integrate it into making it mandatory that  
21 something must go into the planning process, into the final  
22 decision that these factors must be considered and allow for  
23 some flexibility so that in the future as things change, which  
24 they are probably going to do, we have to be prepared to make  
25 those adjustments. That's all I have. Thank you.

1 CHAIRMAN EDGAR: Thank you, Mr. Lloyd.

2 Commissioner Carter for a question.

3 COMMISSIONER CARTER: Good morning. Thank you for  
4 coming. I wish you were here yesterday when you would have  
5 seen that this Commission took steps that will make Florida one  
6 of the leaders in renewables. I don't know if you followed  
7 that or not, but we passed a rule just yesterday that would, in  
8 my opinion, make us one of the leading states in the use of  
9 renewables. Biomass, you know, different -- someone mentioned  
10 earlier this morning Senate Bill 888. The Chairman and a lot  
11 of us Commissioners were down with the Governor at the signing  
12 of an ethanol plant that will be built at the Port of Tampa.  
13 So we are getting out on the front of this issue, so we are not  
14 really -- you know, we are not really uninformed about the  
15 issue, and we have a legislative mandate to do so, and we have  
16 taken that mandate serious, and we are moving forward toward  
17 that.

18 And we are not wedded to one technology or the other  
19 technology. What we are wedded to is making Florida a leader  
20 in renewables. And I think that the more we try different --  
21 you talked about the cost implication with solar and wind and  
22 things like that, but the more things we try the more  
23 availability will come to us, and we can do different things  
24 like that.

25 So I sincerely appreciate your comments, but I do

1 wish that -- you know, if you haven't seen it, just kind of  
2 check us out on what we are doing on that rule. Thank you so  
3 much for coming this morning.

4 MR. LLOYD: Thank you.

5 CHAIRMAN EDGAR: Thank you, Mr Lloyd.

6 Ms. Brubaker.

7 MS. BRUBAKER: Before we actually move on to the next  
8 speaker, if I could point out Mr. Poppell has requested that  
9 documents be identified as an exhibit. I'm having Mr. Breman  
10 pass those out now. If I understand correctly, they are  
11 essentially written comments very much in line with what he  
12 testified to today. So if we could go ahead and have that  
13 identified as Hearing Exhibit Number 85.

14 CHAIRMAN EDGAR: We will do so.

15 MS. BRUBAKER: Thank you.

16 (Exhibit 85 marked for identification.)

17 MS. BRUBAKER: The speaker is Roger Fontes, or  
18 Fontes. My apologies if I'm mispronouncing. And for the next  
19 three speakers, Mr. Barry Parsons, Lad Daniels, and Connie  
20 McBride, please.

21 ROGER A. FONTES

22 was called as a witness and, having been duly sworn, testified  
23 as follows:

24 DIRECT STATEMENT

25 MR. FONTES: Good morning. Roger Fontes,

1 F-O-N-T-E-S.

2           Madam Chair, Commissioners, I'm the General Manager  
3 and CEO of the Florida Municipal Power Agency. I appreciate  
4 the opportunity to speak to you today on behalf of 15 municipal  
5 utilities in Florida, utilities that are customers of FMPA,  
6 utilities that will receive power from the Taylor Energy  
7 Center.

8           To conserve your time today, these cities have asked  
9 me to bring several letters, which I have here, and I have 15  
10 copies, I will provide that to the clerk in just a minute, and  
11 to make two points on their behalf.

12           First, I would like to make sure that you understand  
13 how important this facility is to our cities. This proposed  
14 plant is very important. It is important to help them provide  
15 reliable power at an affordable price.

16           My second point is that the cities want you to know  
17 that they are committed to energy conservation and they are  
18 doing what they can, small as they are, to promote  
19 cost-effective energy conservation programs.

20           It's important to recognize that FMPA does not serve  
21 retail load. We are a wholesale public agency. Our cities  
22 serve retail customers. Each of these cities is individually  
23 owned and operated. Each city has a local governing board that  
24 makes decisions affecting its system. Those decisions include  
25 what types of energy conservation programs to offer.

1           The cities do have existing programs, and many are  
2 looking at new programs. For example, if I had a little more  
3 time today I would like to explain a new on-line energy audit  
4 service that many of our cities are currently implementing. It  
5 is difficult, though, for small cities to find cost-effective  
6 programs. Even Florida's Energy Efficiency and Conservation  
7 Act exempts utilities with annual sales of less than 2,000  
8 gigawatt hours. For comparison, FMPA's largest project  
9 participant is 1,300 gigawatt hours. The smallest is 23  
10 gigawatt hours, with an average of about 450.

11           However, despite their small size, they are doing  
12 what they can, and FMPA is doing what it can, as well. We and  
13 our cities are investigating right now time-of-use rates.  
14 Hopefully, we can shift some demand from peak to offpeak  
15 periods. Further, we have a request for power proposals in the  
16 competitive market to evaluate options for capacity needs  
17 between now and when the Taylor plant comes on-line.

18           I have personally encouraged a well-known renewable  
19 energy provider to bid in the process. I hope that they will  
20 make a proposal. The point is we continue to test the market  
21 with each and every decision opportunity.

22           In conclusion, I hope I have explained a little about  
23 what FMPA cities do to promote energy conservation programs,  
24 and yet we still need this proposed power plant. On behalf of  
25 the fifteen cities here in Florida, and on behalf of their

1 local governing boards and their elected officials, they  
2 request your approval of the Taylor Energy Center.

3 Thank you for the opportunity to speak today.

4 CHAIRMAN EDGAR: Thank you, Mr. Fontes.

5 Any questions? Ms. Brownless.

6 MS. BROWNLESS: Yes, ma'am.

7 CROSS EXAMINATION

8 BY MS. BROWNLESS:

9 Q Thank you for coming today, Mr. Fontes. Let me ask  
10 one question. In reviewing the application, it's very clear  
11 that although your municipalities are small, many are  
12 instituting demand-side management programs, which I assume  
13 their communities are supportive of.

14 Would you concede that the impact of those  
15 demand-side management programs already in place could be more  
16 effective if jointly coordinated by FMPPA?

17 A Well, first of all, I do believe that we have a major  
18 role in coordinating several of the programs. That is not to  
19 say that they couldn't be done a little better, but each of our  
20 cities has the autonomy to make decisions based on local  
21 circumstances. And we have a member services program where we  
22 do provide, for example, this energy audit, on-line energy  
23 audit service that I mentioned.

24 So as I testified, I think our cities or doing what  
25 they can do, and will continue to fulfill their obligations to



1 their communities in the state.

2 Q But you would concede that more joint cooperation  
3 between the cities would make their demand-side management  
4 programs more effective?

5 A I think economies of scale are usually available in  
6 programs like that. The reason I'm hesitating is that  
7 successful energy conservation programs, as the Mayor of  
8 Tallahassee alluded to this morning, and as I'm sure this  
9 community is well aware, require participation by customers.  
10 Implementing programs does not reduce consumption. Consumers  
11 do that, businesses do that, individual people do that. So the  
12 further you get away from -- I guess my concern is the further  
13 you get away from the individual end user, the less in touch  
14 you are with their needs and their abilities to effectuate the  
15 programs cost-effectively.

16 Q But it is true that there are certain demand-side  
17 management programs, such as construction programs, the  
18 installation of windows, certain types of energy efficient  
19 windows, insulation, that type of thing that are not customer  
20 dependent. In other words, an ENERGY STAR® construction code,  
21 for example?

22 A Yes.

23 Q That once one builds that type of building, it is not  
24 dependent upon whether a customer fails to replace a light,  
25 isn't that correct?

1           A       First of all -- that is correct. And I don't want to  
2 be argumentative, but, first of all, we do implement and manage  
3 the ENERGY STAR® program for our members today as we sit, and  
4 do have an ESCO, an energy services company under contract to  
5 us to provide larger scale energy conservation ideas for hotels  
6 and larger businesses, and we do monitor that contract and make  
7 services available to those cities.

8           MS. BROWNLESS: Thank you.

9           CHAIRMAN EDGAR: Ms. Brownless, your questions are  
10 beginning to seem a little bit like testimony to me. So from  
11 this point forward, I'm going to ask you to tie any questions  
12 to the witnesses a little more closely to the testimony that  
13 they have presented to us, please.

14          MS. BROWNLESS: (Indicating yes.)

15          CHAIRMAN EDGAR: Commissioner Arriaga.

16          COMMISSIONER ARRIAGA: Mr. Fontes, the fifteen cities  
17 that are members of the agency that you represent, are they all  
18 in agreement that this is the best technology available for  
19 this project?

20          MR. FONTES: Yes, they do, and they have affirmed  
21 that twice in preparing integrated resource plans in public  
22 that have been adopted in July of 2004, and in another version  
23 of the plan adopted in July of 2006. So they have approved our  
24 participation in the coal plant on two occasions.

25          COMMISSIONER ARRIAGA: And by doing that approval are

1 you stating that they also looked at different alternatives?

2 MR. FONTES: We did, yes.

3 COMMISSIONER ARRIAGA: Cost-effective, environmental  
4 costs, emissions, all of those things were looked at?

5 MR. FONTES: Yes, we did.

6 COMMISSIONER ARRIAGA: Thank you.

7 CHAIRMAN EDGAR: Thank you.

8 MR. JACOBS: I'm sorry, Madam Chair.

9 CHAIRMAN EDGAR: I'm sorry. Hold on, please, just a  
10 moment.

11 Mr. Jacobs, you're recognized.

12 CROSS EXAMINATION

13 BY MR. JACOBS:

14 Q Good morning, Mr. Fontes.

15 A Hello.

16 Q Am I to understand -- well, let me ask you this. Are  
17 you aware of any efforts wherein members of your organization  
18 study and profile the customer base to ascertain what the use  
19 profiles are?

20 A Each and every one of our cities understands their  
21 community and their community load factor and consumption  
22 patterns better than I do, so I'm not as informed as I ought to  
23 be to answer this question. But let me just say that -- I hope  
24 ya'll read in the paper last week that the City of Jacksonville  
25 Beach is buying 60,000 low energy compact fluorescent light

1 bulbs. I don't have time today to provide a list of all the  
2 programs that they do run, but this is very common with our  
3 communities is to find programs that work, have the local city  
4 council approve them, and then begin to implement them. So I  
5 think the cities do know what their consumers -- they are  
6 closer than anyone to their consumers. Remember, any Tuesday  
7 night any consumer can go to a city council meeting and talk to  
8 their rate setting body and the city council to tell them what  
9 they do want, so we feel we are very responsive to consumer  
10 needs.

11 Q Okay, and I don't disagree with that. You made  
12 reference to the economies of scale. Is there any opportunity  
13 or any effort made to look at the body of your members and make  
14 a determination how the individual efforts can rise to an  
15 economy of scale for the organization?

16 A I would say that we do that consistently and  
17 constantly. It isn't like we do it every day, but we have a  
18 program for evaluating through the integrated resource plan  
19 conservation alternatives. Some programs lend themselves to  
20 economies of scale and others do not. It's just a matter of  
21 choice.

22 Q I'm unclear how that process works. Is it a formal  
23 scheduled process, is it ad hoc, is it city-by-city? How does  
24 that process work?

25 A I would say it's a combination of things. Sometimes

1 one city will find a program that works exceptionally well, and  
2 we bring it into our member services program and we offer it as  
3 a program to others. One of the things that -- I hope I'm not  
4 being heretical here. Some things we find don't work. Some  
5 things we find do not work, are not cost-effective, and the  
6 members share that information amongst themselves and try to  
7 avoid those programs, or fix them so that they are more  
8 cost-effective.

9 Q And then, finally, do your members then share the  
10 economic impact of having adopted those measures?

11 A The costs for running the programs typically are  
12 contained within the city. On occasion the agency will pay for  
13 running programs, like I mentioned, the energy services company  
14 contract. That's a cost that we occur. By and large, the  
15 cities involve themselves and use their revenues to implement  
16 programs at the local level.

17 MR. JACOBS: Thank you.

18 CHAIRMAN EDGAR: Thank you.

19 Ms. Brubaker.

20 MS. BRUBAKER: I just wanted to ask -- Mr. Fontes,  
21 did you have documents you wish to --

22 MR. FONTES: I'll be bringing them right over.

23 MS. BRUBAKER: Okay. If we could go ahead and have  
24 those identified as Exhibit 86, please.

25 CHAIRMAN EDGAR: Marked as Exhibit 86. Thank you.

1 (Exhibit 86 marked for identification.)

2 COMMISSIONER CARTER: Barry Parsons is the next  
3 speaker.

4 BARRY PARSONS

5 was called as a witness and, having been duly sworn, testified  
6 as follows:

7 DIRECT STATEMENT

8 MR. PARSONS: Madam Chair, Commissioners, ladies and  
9 gentlemen, good morning and thank you for allowing me to speak  
10 today. I appreciate it. My name is Barry Parsons. I'm from  
11 Madison County. I'm a retired State of Florida Vocational  
12 Rehabilitation Counselor. And I'm not an expert, I'm a  
13 volunteer citizen environmentalist and activist. Madison  
14 County, I would just like to state clearly for the record, is a  
15 county adjacent to Taylor County where the proposed coal plant  
16 would be located just 15 miles from our county line. And since  
17 our county would be negatively impacted by the operations of  
18 this coal plant, I consider myself an interested party and a  
19 stakeholder in your decision.

20 What I'm going to address is a very limited issue,  
21 and hopefully it will expedite the time factor here today. I'm  
22 going to be addressing, again, the increase in rail traffic  
23 issue that Mr. Robinson testified to so eloquently, and the  
24 bulk of my evidence here that I'm going to go through with you  
25 just very quickly and headline it for you, is letters from

1 eight jurisdictions, seven others besides Baker County, in the  
2 north, northeast, north central Florida area. And I think you  
3 will see that the concerns that Mr. Robinson expressed today  
4 are shared by those other same communities.

5 Let me first just go right through the evidence in  
6 the order in which I have it from the top down. First is an  
7 October 12th e-mail from Mark McCain speaking for the coal  
8 plant consortium describing the 50 to 135 car trains full of  
9 coal needed to feed this large plant in five to six trains per  
10 week. There are no further specificities that I have available  
11 to me at the moment as far as what size trains will be going to  
12 what areas and so forth.

13 The second piece of evidence is a letter sent by Mike  
14 Lawson to Mayor Ketring supporting that city's application that  
15 you have heard about for a federal grant for a railroad by-pass  
16 around Perry because of the safety issues regarding the  
17 increase in rail traffic due to the coal plant.

18 Third is a page of Chapter 7 of the Taylor County  
19 comp plan directing coordination between the county and  
20 adjacent local governments to ensure compatible development,  
21 which as far as I can tell was not done with respect to the  
22 eight jurisdiction letters which is the next eight items of  
23 information. And I will describe that to you.

24 The impact of emergency services on the increased  
25 rail traffic at the rail crossings is a universal concern, it

1 appears just on this sample from Madison to Jacksonville. We  
2 are not talking about other communities that may be along rail  
3 lines bringing in the coal that is going to come from west of  
4 the Mississippi and east of the Mississippi, much of which may  
5 be coming through the small town of Greenville in my county of  
6 Madison, which is included in this evidence.

7           And, finally, the fifth item is a CSX Railroad map of  
8 Florida just for your reference. It doesn't look to be  
9 completely detailed, although I don't know whether materials  
10 are available other than the Department of Transportation map  
11 which is very similar and which I have misplaced, and I  
12 apologize for not having that here today. A brief look at that  
13 railroad map and the key in the lower left-hand corner which  
14 describes the nature of the facilities, you will see that it is  
15 only Jacksonville and Tampa that have the full range of the  
16 four different types of port facilities that could handle off  
17 loading of the imported coal from the barges or freighters or  
18 whatever that bring it in.

19           And you will notice that there is a railroad line  
20 heading directly north out of Tampa that stops. That railroad  
21 line is an old line that was largely torn up from that point  
22 that is somewhere northwest of -- or I should say southwest of  
23 Ocala. Therefore, rail transportation and fuel coming to Tampa  
24 appears, if this map is correct, to have to take a rather  
25 circuitous route over to another north/south route that would



1 run up through Ocala and eventually have to tie into the  
2 east/west rail line that I'm talking about in this evidence  
3 that runs east/west parallel to Highway 90.

4           Clearly Jacksonville is the better route. Whether or  
5 not the applicant is having problems nailing down a contract or  
6 not, I can't say. But please note what I think you have  
7 already seen, and I want to make it clear for the record, the  
8 towns that are represented in these letters from these eight  
9 jurisdictions are strung out east to west along Highway 90  
10 parallel to the east/west railroad line from Jacksonville to  
11 Madison, the likeliest rail route for the imported coal. And  
12 they are located just north of the railroad, but they are  
13 required to respond to emergencies, fire, police, and medical  
14 at their respective I-10 interchanges which lie south of the  
15 railroad line. That means each of these jurisdictions, the  
16 majority of their emergency responses are going to involve  
17 going back and forth through the railroad crossings.

18           In addition, the town of Lee has concerns about  
19 increased rail traffic impacting their tourism, which is a  
20 mainstay of that small town's rural economy. And I will leave  
21 it to you to imagine cost impacts of the operation of the rail  
22 plant in that regard, also.

23           I have talked with most of these jurisdictions in the  
24 last two days, and to the best of my knowledge none of them  
25 have had any response from Taylor County officials or the

1 Taylor Energy Center. And as you can see, they sent their  
2 letters to the Taylor County Commission with a copy to the DCA.

3 Let me conclude by saying that the key question here,  
4 ladies and gentlemen, is that at least one or more persons on  
5 every one of these city and county commissions and councils  
6 that I talked with was this, if increased rail traffic to and  
7 from the coal plant would be a problem for Perry, why wouldn't  
8 it be a problem for the other communities through which the  
9 same trains pass? I have no time left to discuss a report from  
10 the Union of Concerned Scientists which someone later speaking  
11 today will submit. Thank you for your time, I appreciate it.

12 CHAIRMAN EDGAR: Thank you, Mr. Parsons.

13 Mr. Perko.

14 MR. PERKO: Yes, Madam Chairman. If I could just get  
15 confirmation that the testimony regarding traffic impacts, that  
16 will be part of my standing objection since it is also part of  
17 the site certification proceedings.

18 CHAIRMAN EDGAR: So noted, so clarified. Thank you.

19 Commissioner Carter.

20 COMMISSIONER CARTER: Mr. Parsons, I want to say  
21 thank you to you. You know, you may say you are retired, but  
22 you look like you are working full time on this. But I do  
23 appreciate your earnestness to check with your neighbors. In a  
24 lot of these little towns they don't have lobbyists and they  
25 don't have a full panoply of staff, but I sincerely appreciate

1 you going the extra mile to help your neighbors to get this  
2 information, and it will be part of our record.

3 I don't know what number we are on, Madam Chairman,  
4 but I know this will be made part of our record, and I just  
5 want to say thank you for your hard work and for what you are  
6 doing for your neighbors. That's what makes Florida a great  
7 state, neighbors helping neighbors.

8 MR. PARSONS: Thank you, sir.

9 CHAIRMAN EDGAR: Thank you. And this will be Number  
10 87?

11 MS. BRUBAKER: 87, yes.

12 CHAIRMAN EDGAR: Marked as Number 87.

13 (Exhibit 87 marked for identification.)

14 CHAIRMAN EDGAR: Commissioners, and participants,  
15 and, Mr. Parsons, you are excused.

16 MS. PABEN: Madam Chairperson, excuse me.

17 CHAIRMAN EDGAR: Oh, excuse me. No, you're not. I'm  
18 sorry.

19 MS. PABEN: I have a couple of questions for Mr.  
20 Parsons.

21 CHAIRMAN EDGAR: Mr. Parsons, if you can give us just  
22 a few more minutes.

23 MS. PABEN: Thank you.

24 CROSS EXAMINATION

25 BY MS. PABEN:

1           Q     Mr. Parsons, in your outreach to the surrounding  
2 communities regarding the rail traffic, do you know -- I think  
3 you indicated that as far as you were told that none of them  
4 had had communications with the applicants regarding these rail  
5 issues, is that correct?

6           A     Not in response to the letters that they sent, that  
7 is right.

8           Q     Do you know whether or not there were discussions by  
9 these communities as whether or not by-passes would be required  
10 as indicated by the Baker County Commissioner earlier today?

11          A     Some of the jurisdictions were interested in it.  
12 None of them had, I don't believe, any realistic expectations  
13 that either the applicant, or the state, or anyone else was  
14 going to go around to all the jurisdictions and build  
15 by-passes, but as everyone has observed, and the gentleman on  
16 the Commission here has observed, it is a problem. And it is  
17 not going to go away, and there is every indication that it  
18 will be made worse when there is any source of increased rail  
19 traffic whether it is from the Taylor Energy Center or anywhere  
20 else.

21                   This is apparently a problem that has really been  
22 brewing for a long time. The City of Live Oak has had  
23 negotiations, I understand, with the CSX people complaining  
24 about a number of issues that they have had with that  
25 particular company, and I have even seen references on the

1 Internet to the same sorts of problems in other states. So it  
2 appears to be quite a widespread situation that somebody  
3 somewhere has to look at.

4 Q And just to make sure that I am correct, in your  
5 testimony, because there were only a few copies over here, you  
6 said there was a letter that did demonstrate TEC's commitment  
7 of \$5 million to the City of Perry to do a by-pass to address  
8 those similar issues, correct?

9 A Yes. Let's see, that would be the second letter, the  
10 second piece of paper in your packet that comes from Mr. Mike  
11 Lawson to Mayor Ketring of Perry acknowledging her concerns  
12 about safety issues from the increase in traffic. And  
13 basically the letter, I would think, would be prima facie  
14 evidence that the Taylor Energy Center recognizes that the  
15 increased rail traffic will be a problem in Perry, and was  
16 willing to back up their request for the federal grant. And if  
17 I read the letter correctly, and you all can interpret it as  
18 you will, but it looks as if they were ready to back up the  
19 Mayor of Perry if she doesn't get the grant. And we are  
20 talking about 4-point however many million dollars that the  
21 cost would take, so --

22 MS. PABEN: Thank you very much.

23 CHAIRMAN EDGAR: Thank you. It's just after 12:45,  
24 12:46 by the clock in front of me. We are going to break for  
25 lunch. I note that we are approximately a third of the way

1 through the list of people who had signed up the last I knew  
2 this morning, and we started about quarter to 10:00.

3 We will come back at 1:35 by the clock on the wall.

4 And we are on lunch break.

5 (Lunch recess.)

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1 STATE OF FLORIDA )

2 : CERTIFICATE OF REPORTERS

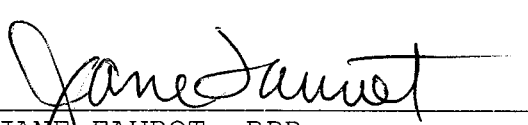
3 COUNTY OF LEON )

4 WE, JANE FAUROT, RPR, and LINDA BOLES, RPR, CRR,  
5 Official Commission Reporters, do hereby certify that the  
6 foregoing proceeding was heard at the time and place herein  
7 stated.

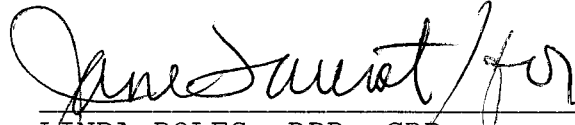
8 IT IS FURTHER CERTIFIED that we stenographically  
9 reported the said proceedings; that the same has been  
10 transcribed under our direct supervision; and that this  
11 transcript constitutes a true transcription of our notes of  
12 said proceedings.

13 WE FURTHER CERTIFY that we are not a relative,  
14 employee, attorney or counsel of any of the parties, nor are we  
15 a relative or employee of any of the parties' attorneys or  
16 counsel connected with the action, nor are we financially  
17 interested in the action.

18 DATED THIS 11th day of January, 2007.

19 

20 JANE FAUROT, RPR  
21 FPSC Official Commission  
22 Reporter  
23 (850) 413-6732

24 

25 LINDA BOLES, RPR, CRR  
FPSC Official Commission  
Reporter  
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