1214

 1 BEFORE THE

 FLORIDA PUBLIC SERVICE COMMISSION

 2

 3 DOCKET NO. 060635-EU

 4 In the Matter of

 5 PETITION FOR DETERMINATION OF NEED FOR

 ELECTRICAL POWER PLANT IN TAYLOR COUNTY

 6 BY FLORIDA MUNICIPAL POWER AGENCY, JEA,

 REEDY CREEK IMPROVEMENT DISTRICT, AND

 7 CITY OF TALLAHASSEE.

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 8

 9 VOLUME 11

 10 Pages 1214 through 1286

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 12 A CONVENIENCE COPY ONLY AND ARE NOT

 THE OFFICIAL TRANSCRIPT OF THE HEARING,

 13 THE .PDF VERSION INCLUDES PREFILED TESTIMONY.

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 16 PROCEEDINGS: HEARING

 17 BEFORE: CHAIRMAN LISA POLAK EDGAR

 COMMISSIONER MATTHEW M. CARTER, II

 18 COMMISSIONER KATRINA J. TEW

 19 DATE: Thursday, January 18, 2007

 20 TIME: Commenced at 10:30 a.m.

 Concluded at 1:45 p.m.

 21

 PLACE: Betty Easley Conference Center

 22 Room 148

 4075 Esplanade Way

 23 Tallahassee, Florida

 24 REPORTED BY: MARY ALLEN NEEL, RPR, FPR

 25 APPEARANCES: (As heretofore noted.)

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 1 I N D E X

 2 WITNESSES

 3

 NAME PAGE

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 EXHIBITS

 2

 NUMBER ID. ADMTD.

 3

 4 55 1225

 5 56 1225

 6 57 1225

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

 2 (Transcript follows in sequence from

 3 Volume 10.)

 4 CHAIRMAN EDGAR: Okay. Thank you, Mr. Jacobs.

 5 Mr. Perko.

 6 MR. PERKO: Just a few.

 7 MS. BRUBAKER: Madam Chairman, if I may.

 8 CHAIRMAN EDGAR: Oh, I am so sorry. I

 9 apologize. Ms. Brubaker, questions from staff.

 10 MS. BRUBAKER: Maybe five minutes.

 11 CHAIRMAN EDGAR: That's fine.

 12 MS. BRUBAKER: Ten tops.

 13 CHAIRMAN EDGAR: That's fine. Go right ahead.

 14 CROSS-EXAMINATION

 15 BY MS. BRUBAKER:

 16 Q. Mr. Kushner, you indicated in your direct

 17 testimony that you explored a number of joint

 18 development alternatives, including an IGCC unit, I

 19 believe, that was scheduled to be in service in 2012; is

 20 that correct?

 21 A. Yes, ma'am. It was a joint development IGCC

 22 alternative fueled by petroleum coke, commercial

 23 operation date May of 2012, with ownership percentages

 24 identical to those proposed for the Taylor Energy Center

 25 among the applicants.

 1218

 1 Q. Okay. And that was using a coal and petcoke

 2 mix?

 3 A. No, ma'am. It was 100 percent petcoke.

 4 Q. 100 percent petcoke?

 5 A. Yes, ma'am.

 6 Q. And that is different than the mix that's

 7 assumed for TEC; is that correct?

 8 A. That is correct.

 9 Q. Okay. Why did you assume 100 percent petcoke?

 10 A. The 100 percent petcoke assumption was based

 11 on two primary factors, one being that the unit would be

 12 located at the Taylor Energy site and therefore have

 13 access to petroleum coke, and two, I wanted to make as

 14 favorable assumptions as possible regarding the

 15 economics of that IGCC alternative compared to Taylor

 16 Energy Center. And operation on petroleum coke,

 17 100 percent petroleum coke for the IGCC unit is lower in

 18 cost than operation on either 100 percent coal or a

 19 blend of coal and petroleum coke.

 20 Q. Were you present at the hearing on Friday

 21 during Mr. Hoornaert's testimony and cross-examination?

 22 A. Yes, ma'am.

 23 Q. And do you recall -- I asked him a question

 24 about in the deposition he had referred to petcoke as an

 25 opportunity fuel. Do you recall basically his response

 1219

 1 to that?

 2 A. Yes, I do.

 3 Q. Do you agree with his statement about petcoke

 4 is a by-product of the refining industry, so the

 5 availability varies, and the availability also depends

 6 on what other companies want to use petcoke as fuel?

 7 A. Yes, I agree with that. That statement is

 8 also corroborated by our expert fuel witness,

 9 Mr. Preston, some of his statements that I've heard in

 10 the past, yes.

 11 Q. In your opinion, are there any reliability

 12 concerns associated with the assumption of 100 percent

 13 petcoke?

 14 A. Yes, there are reliability concerns associated

 15 with 100 percent petcoke.

 16 Just to kind of put it in perspective, the

 17 Taylor Energy Center will be a 765-megawatt net unit

 18 that will utilize approximately 28 percent petroleum

 19 coke. The IGCC alternative considered as the joint

 20 development I believe was in excess of 800 megawatts.

 21 And the assumption then that you're going to be using

 22 100 percent petroleum coke, when incorporating the heat

 23 rates between the two technologies, just doing the math

 24 in my head, it looks like that's five times as much

 25 petroleum coke would be required for that IGCC

 1220

 1 alternative as for the Taylor Energy Center. Not being

 2 a expert in fuel transportation and availability, but to

 3 me, that seems potentially like a reliability concern.

 4 Q. So I'm correct that your answer indicates that

 5 there are some fuel availability concerns with respect

 6 to the 100 percent petcoke assumption?

 7 A. On a unit that's in excess of 800 megawatts,

 8 yes.

 9 Q. Earlier you were provided a copy of NRDC's

 10 second set of interrogatories, numbers 1 through 8. Do

 11 you still have that available to you?

 12 A. Yes, I do.

 13 Q. Could I ask you to please refer to page 15 of

 14 that document?

 15 A. Sure. Okay.

 16 Q. Now, I believe that you indicated that there

 17 are several DSM measures that do not pass the RIM test,

 18 but pass the Participant Test and Total Resource Cost

 19 Test; is that correct?

 20 A. That's correct, yes.

 21 Q. And referring to the top of page 15, the

 22 section indicating low or variable flow shower head,

 23 those did not pass RIM; is that correct?

 24 A. That is correct.

 25 Q. But they did score high on the Participant

 1221

 1 Test or the Total Resource Test?

 2 A. Yes.

 3 Q. Okay. What would account or explain for why a

 4 measure might not pass RIM, but would otherwise score

 5 high on the other tests?

 6 A. It's primarily due to the duty cycle. I know

 7 I've used that term a lot, but if you have a measure

 8 that doesn't provide a high level of energy savings akin

 9 to a baseload technology like Taylor Energy Center will

 10 be, it's difficult to show cost-effectiveness for that

 11 DSM measure when considering that if through

 12 implementation of that DSM measure, you would be taking

 13 off a baseload resource that provides fuel savings

 14 around the clock in exchange for a very limited number

 15 of -- a very limited amount of energy being displaced by

 16 that unit.

 17 MS. BRUBAKER: Thank you. I believe that

 18 concludes my questions.

 19 CHAIRMAN EDGAR: Mr. Perko.

 20 REDIRECT EXAMINATION

 21 BY MR. PERKO:

 22 Q. Excuse me. Mr. Kushner, just so the record is

 23 clear, could you explain what a duty cycle is?

 24 A. Yes. A duty cycle is when the -- in this

 25 case, we've been talking about DSM measures, when the

 1222

 1 DSM measure would demonstrate its energy savings. On

 2 the supply side, the duty cycle is the characteristics,

 3 the operating characteristics of the unit. Peaking

 4 units would operate a few hours out of the year,

 5 relatively speaking, intermediate units would operate

 6 maybe 60 percent of the hours, whereas a baseload unit

 7 like Taylor Energy Center TEC would have a duty cycle of

 8 about 90 percent.

 9 Q. Excuse me again. In response to

 10 Ms. Brownless's questions, I think she had asked you if

 11 you had analyzed any of the DSM measures that are

 12 currently being implemented by Reedy Creek or its

 13 customers. My question is, to the extent that Reedy

 14 Creek and its customers are implementing DSM measures,

 15 would those be reflected in the load forecasts?

 16 A. Yes, sir.

 17 Q. Also in response to Ms. Brownless, she asked

 18 you some questions regarding that second step you went

 19 through in your DSM analysis for those measures that

 20 passed the Total Resource Test for both FMPA and JEA.

 21 And I believe you said that if you assumed that those

 22 were implemented, they would result in savings of

 23 approximately 100 megawatts for JEA and 200 megawatts

 24 for FMPA. Does that sound familiar?

 25 A. Yes, it does.

 1223

 1 Q. Now, for purposes of that analysis, were you

 2 assuming that those savings would be achieved

 3 immediately?

 4 A. Yes, and they would be sustained as well.

 5 Q. Is that realistic assumption?

 6 A. No. Demand-side management measures typically

 7 have a participation curve associated with them.

 8 Essentially, not everybody is going to participate the

 9 first day it's offered, so through time, you would see

 10 increasing participation.

 11 Q. And there has been a lot of discussion about

 12 the potential for Tallahassee to achieve approximately

 13 160 megawatts of savings if their DSM portfolio performs

 14 as assumed. Would all of that approximately 160

 15 megawatts savings be achieved initially?

 16 A. No. The City of Tallahassee's DSM portfolio

 17 is projected to ramp up from -- I could check the

 18 number, but essentially it becomes 160 megawatts,

 19 161 megawatts not until 2025.

 20 Q. And what's the overall duty cycle associated

 21 with Tallahassee's DSM portfolio?

 22 A. It's approximately 38 percent by the year

 23 2025.

 24 Q. Mr. Kushner, Ms. Brownless showed you what I

 25 believe has been marked as Exhibit 79, the Synapse

 1224

 1 report. I believe you have an excerpt of that.

 2 A. Yes, I do.

 3 Q. She gave you excerpts of pages 40 through 42;

 4 is that correct?

 5 A. Thirty-nine through 42, yes.

 6 Q. Thirty-nine through 42. Thank you. And she

 7 referred you to Figure 6.3, which is a line chart. I

 8 would like to refer you to Table 6.4, which, as I

 9 understand it, provides the levelized values for the

 10 Synapse low case, mid case, and high case for the years

 11 2010 through 2040; is that correct?

 12 A. Yes.

 13 Q. Now, what are the levelized values from 2010

 14 to 2040 for the CO2 allowance forecast provided by

 15 Mr. Preston?

 16 A. $13.78 per ton.

 17 Q. And how do those compare to the Synapse low

 18 and mid cases?

 19 A. They fall between the two. The low Synapse

 20 case has a levelized cost of $8.50 per ton. The mid

 21 case has a levelized cost of $19.60 per ton.

 22 MR. PERKO: If I could just check my notes

 23 real quickly.

 24 That's all we have. Thank you.

 25 CHAIRMAN EDGAR: We have exhibits.

 1225

 1 MR. PERKO: Yes, I believe --

 2 CHAIRMAN EDGAR: Fifty-five through 58.

 3 MR. PERKO: Fifty-five through 58.

 4 CHAIRMAN EDGAR: Okay. Seeing no objection,

 5 Exhibits 55, 56, 57, and 58 will be entered into the

 6 record.

 7 (Exhibits Number 55, 56, 57, and 58 were

 8 admitted into the record.)

 9 MS. BROWNLESS: And, Madam Chair, we also need

 10 Exhibit 105 and 108 now that all utility witnesses have

 11 testified.

 12 CHAIRMAN EDGAR: Okay. Ms. Brownless, my

 13 notes are showing me that 105 and 108 have been entered

 14 into the record. And I look to our staff, and they

 15 concur, so I think we're in good shape there.

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

 17 CHAIRMAN EDGAR: Okay. And the witness may be

 18 excused. Thank you.

 19 Ms. Brownless, I believe you have the next

 20 witness.

 21 MS. BROWNLESS: Thank you. Mr. Urse.

 22 Thereupon,

 23 STEVE URSE

 24 was called as a witness on behalf of NRDC and, having

 25 been first duly sworn, was examined and testified as

 1226

 1 follows:

 2 DIRECT EXAMINATION

 3 BY MS. BROWNLESS:

 4 Q. Mr. Urse, have you been sworn?

 5 A. Yes, I have.

 6 Q. Thank you. Can you please state your name and

 7 address for the record?

 8 A. My name is Steve Urse. My address is 11 --

 9 CHAIRMAN EDGAR: Mr. Urse, I'm not sure that

 10 we're picking you up in the mike, so if you would, make

 11 sure that it's on, and bring it a little closer perhaps.

 12 THE WITNESS: Having it on will help.

 13 CHAIRMAN EDGAR: Okay. That's better.

 14 THE WITNESS: My name is Steve Urse. My

 15 address is 1118 Waverly Road, Tallahassee, Florida.

 16 BY MS. BROWNLESS:

 17 Q. Okay. And did you prepare direct testimony in

 18 this docket consisting of four pages and filed on

 19 November 2, 2006?

 20 A. Yes, I did.

 21 Q. Did you also file Exhibits 1 through 7, which

 22 have been identified in this record as Exhibits 64

 23 through 70?

 24 A. Yes.

 25 MS. BROWNLESS: Okay. Madam Chair, Exhibits

 1227

 1 65 through 68 and 70 have already been moved into the

 2 record with Mr. Brinkworth.

 3 BY MS. BROWNLESS:

 4 Q. Now, with regard to Exhibit Number 64, did you

 5 prepare that exhibit yourself, sir?

 6 A. Yes. That is my resumé.

 7 Q. Okay. And with regard to Exhibit Number 69,

 8 which is SU-6, did you prepare this exhibit?

 9 A. No, I didn't. That is an exhibit that was

 10 prepared by the City of Tallahassee, David Byrne, at a

 11 presentation October 18th, 2006, for the City

 12 Commission, at which Mr. Brinkworth was present.

 13 Q. Okay. Thank you. And is the information

 14 contained in Exhibit SU-1, which has been marked as

 15 Exhibit 64, true and correct to the best of your

 16 knowledge and belief?

 17 A. Yes.

 18 Q. Okay. Do you have any changes you would like

 19 to make to your prefiled testimony at this time?

 20 A. No, I do not.

 21 Q. Do you have any changes that you would like to

 22 make to Exhibits 64 or 69 at this time?

 23 A. No.

 24 Q. Okay. If I were to ask you the same questions

 25 as those of your prefiled testimony, would your answers

 1228

 1 be the same today, sir?

 2 A. Yes, it would.

 3 MS. BROWNLESS: We would ask that Mr. Urse's

 4 prefiled testimony be placed into the record as though

 5 read.

 6 CHAIRMAN EDGAR: The prefiled testimony will

 7 be entered into the record as though read.

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 1 BY MS. BROWNLESS:

 2 Q. Mr. Urse, do you have a brief summary of your

 3 testimony?

 4 A. Pardon?

 5 Q. Do you have a brief summary of your testimony?

 6 A. Yes, I do.

 7 Q. Can you please give it at this time?

 8 A. Yes. I'm a member of the Big Bend Climate

 9 Action Team and also have chaired the Big Bend

 10 Environmental Forum, an alliance of environmental

 11 organizations in our region, over the last three years.

 12 Members of the Big Bend Climate Action Team

 13 first met with the City of Tallahassee electric planning

 14 staff beginning in May 2005, and then on about a monthly

 15 basis for the next 17 months. During this collaborative

 16 effort, we citizens learned about the integrated

 17 resource planning, and then we encouraged the City to

 18 adopt clean energy, efficiency, and renewables, and as a

 19 bridge to that, more efficient natural gas generation.

 20 We examined many actions that forward-looking utilities

 21 around the country had taken.

 22 Based upon my participation in this

 23 collaborative IRP effort that ultimately included staff,

 24 citizens, consultants, and the City Commissioners, I

 25 have observed the following:

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 1 (1) Before hiring new consultants with

 2 expertise in DSM and renewables, the City staff had

 3 indicated, based upon initial reports from Black &

 4 Veatch, that the City was acquiring virtually all of the

 5 DSM and renewables that was cost-effective.

 6 (2) With the help of clean energy

 7 consultants, particularly Navigant Consulting, the City

 8 identified 162 megawatts of cost-effective efficiency

 9 and direct load control by 2025 for an expanded DSM

 10 portfolio, which was included in the new IRP that was

 11 approved by the City on December 6, 2006. This DSM

 12 addition deferred needed capacity from 2011 to 2016.

 13 (3) In addition, the City explored biomass

 14 potential and signed a contract to purchase up to

 15 38 megawatts of electricity from biomass by June 2010,

 16 with the possibility of increasing it to 75 megawatts

 17 later. That electricity also will be at a cost that is

 18 less than other energy supply options.

 19 In conclusion, based upon these observations,

 20 the Big Bend Climate Action Team urges the Public

 21 Service Commission to require the other TEC

 22 participating utilities fully evaluate the potential for

 23 cost-effective DSM and renewables that meet energy needs

 24 at a cost that is less than the proposed pulverized coal

 25 plant. We believe they too may be able to defer needed

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 1 capacity or be able to reduce substantially future

 2 capacity need. This clean energy first analysis that

 3 the participation of the Big Bend Climate Action Team

 4 encouraged and the City of Tallahassee accomplished

 5 should be undertaken by all applicants. The City did

 6 well.

 7 Q. Does that conclude your summary?

 8 A. That does.

 9 MS. BROWNLESS: We would tender Mr. Urse for

 10 cross.

 11 CHAIRMAN EDGAR: Thank you. Mr. Paben,

 12 questions for this witness?

 13 MR. PABEN: Just one quick question.

 14 CROSS-EXAMINATION

 15 BY MR. PABEN:

 16 Q. Mr. Urse, do you believe that the new DSM

 17 portfolio which you helped develop for the City of

 18 Tallahassee can actually realize the capacity in energy

 19 savings that have been forecasted?

 20 MS. RAEPPLE: Objection, Madam Chairman. This

 21 witness has not testified as an expert witness. He's a

 22 fact witness, and Mr. Paben is requesting opinion

 23 testimony.

 24 CHAIRMAN EDGAR: Mr. Paben, I think she has a

 25 point.

 1236

 1 MR. PABEN: Okay. Then I'll just deliver it

 2 for proffer. Thanks.

 3 You can answer, Mr. Urse.

 4 A. Well, based upon the facts that are contained

 5 in the Navigant consultant report, it is noteworthy that

 6 this amount of efficiency of the 162 megawatts was

 7 characterized as achievable potential, not the larger

 8 amounts of technical potential or economic potential.

 9 MR. PABEN: Thank you.

 10 CHAIRMAN EDGAR: Thank you. Mr. Jacobs.

 11 MR. JACOBS: Thank you, Madam Chair.

 12 CROSS-EXAMINATION

 13 BY MR. JACOBS:

 14 Q. Mr. Urse, in your summary, you described a

 15 transition that the City went through from its original

 16 understanding and analysis to engaging in more input and

 17 expertise and then a revised IRP.

 18 A. Yes.

 19 Q. And I believe you indicated that the revised

 20 IRP -- let me ask you this so as not to lead. You

 21 describe a bridge that was accomplished in the revised

 22 IRP. Could you explain in detail, more in detail what

 23 you meant by the bridge concept?

 24 A. Well, in Exhibit 7 -- and that was the one

 25 that Mr. Brinkworth had indicated was not current. That

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 1 is true. It was not current, but it's relevant for

 2 historical purposes, because it was from September 2005.

 3 The City announced that they were wanting to

 4 participate or considering participating in what was

 5 then called the North Florida Power Project in July, and

 6 so this was a report in September before they then also

 7 engaged in the analysis of whether they were going to

 8 repower Hopkins 2, the natural gas unit that at the

 9 time, and may still be providing 228 megawatts of

 10 energy.

 11 And in that analysis that Sargent & Lundy from

 12 Chicago performed, they found that they were going to be

 13 able to get an additional 64 megawatts from Hopkins 1,

 14 or Hopkins 2, and that they were also going to be able

 15 to reduce their fuel costs, because it was going to be

 16 more efficient, by $25 million a year.

 17 So what that chart then shows is that at the

 18 time, they were looking at a cumulative need by 2025 of

 19 578 megawatts. And then when they adopted the

 20 repowering of Hopkins 2 in October of 2005, they then

 21 reduced that by about 92 megawatts, which kind of leads

 22 us to about where we are now, which is -- Tallahassee's

 23 expressed need was after that then 282 megawatts.

 24 We in the Big Bend Climate Action Team were

 25 then trying to satisfy that with clean energy, and so

 1238

 1 that led to these efficiency opportunities that included

 2 direct load control. That bought it to -- that was

 3 162 megawatts, bringing us down to then around 120.

 4 And then with the biomass of 38 megawatts,

 5 that then brought us down to -- now I've lost track of

 6 the number. Eight-two, I believe.

 7 And so that was kind of the iteration that

 8 went from July of 2005 to present.

 9 Q. You're aware of Mr. Brinkworth's testimony

 10 indicating the savings that are associated with that?

 11 A. Yes, I am. And they're included in the

 12 diagrams, the savings that are impacted both upon TEC

 13 and the potential gas plan.

 14 Q. And one final question. The expansion plan

 15 that the City now has seems to be -- would you describe

 16 what your interpretation is now in terms of its

 17 diversity and its cost-effectiveness, the City's present

 18 expansion plan?

 19 MS. RAEPPLE: Objection. Same basis. This is

 20 asking for opinion testimony, and Mr. Urse has not

 21 testified as other than a fact witness.

 22 MR. JACOBS: I'll proffer.

 23 A. Well, the facts that are displayed in the

 24 exhibit -- and I guess I would first refer to Exhibit

 25 Number 65. It's Exhibit 65 that shows the potential

 1239

 1 impact of demand-side management on total plan costs.

 2 And what that did, the City of Tallahassee at

 3 that time, which was -- I don't have the date, but they

 4 were showing 4.8 billion for the cost of TEC without

 5 DSM. That was their 20 percent share over the 20 years.

 6 It had a net present value cost of 4.8 billion, and that

 7 was reduced to 4.53 billion. So it was saving about

 8 $280 million.

 9 Similarly, the addition of the biomass, if you

 10 look at Exhibit Number 5, and again just looking at the

 11 Taylor Energy Center, it was 4.8 billion without the

 12 biomass, and then with this purchase of biomass power,

 13 it saved about $35 million.

 14 MR. JACOBS: No further questions. Thank you.

 15 CHAIRMAN EDGAR: Mr. Perko? Ms. Raepple?

 16 MS. RAEPPLE: Just briefly.

 17 CROSS-EXAMINATION

 18 BY MS. RAEPPLE:

 19 Q. Mr. Urse, isn't it correct that you do not

 20 have any education, training, or professional experience

 21 as an engineer?

 22 A. That is correct.

 23 Q. You also have no education, training, or

 24 professional experience in integrated resource planning?

 25 A. I do not.

 1240

 1 Q. And you do recognize Mr. Brinkworth as a

 2 knowledgeable person with regard to integrated resource

 3 planning for electric utilities; isn't that correct?

 4 A. That's correct. Any training that I've gotten

 5 from the integrated resource plan was from the staff,

 6 and then the many questions I've also asked Black &

 7 Veatch.

 8 MS. RAEPPLE: Thank you. I have nothing

 9 further.

 10 CHAIRMAN EDGAR: Thank you. Are there

 11 questions from staff? No questions.

 12 Ms. Brownless.

 13 MS. BROWNLESS: Yes, ma'am. If we can just

 14 put on the record that I believe the applicants by

 15 motion objected to the expertise of Ms. Deevey,

 16 Ms. Bryk, and perhaps Dr. Lashof, but I don't think they

 17 objected to the expertise of Mr. Urse. So to the extent

 18 that they are raising an objection today that Mr. Urse

 19 is a fact witness and is not qualified as an expert, I

 20 think perhaps that is an objection that is too late.

 21 CHAIRMAN EDGAR: Ms. Raepple.

 22 MS. RAEPPLE: Yes, Madam Chair. An objection

 23 was not raised previously because Mr. Urse's prefiled

 24 testimony does not include opinion testimony. It only

 25 includes factual matters. And so there was not an

 1241

 1 opportunity to raise an objection as to Mr. Urse

 2 providing opinion testimony prior to today when opinions

 3 were elicited by friendly cross-examination.

 4 CHAIRMAN EDGAR: Ms. Brubaker.

 5 MS. BRUBAKER: It's correct that there was no

 6 timely challenge to Mr. Urse's expertise. However, some

 7 questions clarifying the scope of his expertise in the

 8 context of his testimony I think are appropriate.

 9 CHAIRMAN EDGAR: Okay.

 10 MS. BRUBAKER: So I do concur that a challenge

 11 of his expertise is untimely at this point.

 12 MS. RAEPPLE: Madam Chairman, I don't believe

 13 I had an opportunity to challenge a witness's expertise

 14 if they had only testified as to factual matters. There

 15 was no opinion testimony offered prior to today in the

 16 friendly cross-examination that constituted opinion

 17 testimony, so there was no basis for raising an

 18 objection.

 19 CHAIRMAN EDGAR: Ms. Helton. We'll get there.

 20 MS. HELTON: I have to disagree with my

 21 co-counsel, Ms. Brubaker, and say that I agree with

 22 Ms. Raepple. It seems appropriate to me that if

 23 Mr. Urse offered only fact testimony in his prefiled

 24 direct testimony, then I think that it was appropriate

 25 for the applicants to assume that he was not being

 1242

 1 offered as an expert witness, but was simply being

 2 offered to provide facts for the record.

 3 CHAIRMAN EDGAR: And with all sincere respect

 4 to both Ms. Brubaker and Ms. Brownless, I concur with

 5 Ms. Helton as well.

 6 MS. BROWNLESS: Thank you, Your Honor.

 7 CHAIRMAN EDGAR: Thank you.

 8 MS. BROWNLESS: And at this time, I would like

 9 to move into the record Exhibits 64 and 69.

 10 CHAIRMAN EDGAR: Any objections? Seeing

 11 none --

 12 MS. RAEPPLE: Excuse me. No objection to 64,

 13 but as to 69, that is hearsay, so we do object to it on

 14 the grounds of hearsay.

 15 CHAIRMAN EDGAR: Exhibit 64 will be entered

 16 into the record. Exhibit 69 will be entered to give it

 17 the weight that it is deemed to be due.

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

 19 CHAIRMAN EDGAR: Thank you.

 20 (Exhibits Number 64 and 69 were admitted into

 21 the record.)

 22 CHAIRMAN EDGAR: Mr. Urse, you may be excused.

 23 Thank you.

 24 Mr. Perko, Ms. Raepple, your witness.

 25 MR. PERKO: One final witness, Mr. Rollins.

 1243

 1 Thereupon,

 2 MYRON ROLLINS

 3 was called as a rebuttal witness on behalf of the

 4 Florida Municipal Power Agency, JEA, Reedy Creek

 5 Improvement District, and the City of Tallahassee and,

 6 having been first duly sworn, was examined and testified

 7 as follows:

 8 DIRECT EXAMINATION

 9 BY MR. PERKO:

 10 Q. Please state your name and business address

 11 again for the record.

 12 A. Myron Rollins, 11401 Lamar, Overland Park,

 13 Kansas.

 14 Q. And, Mr. Rollins, I would remind you that

 15 you're still under oath.

 16 Mr. Rollins, did you submit revised rebuttal

 17 testimony consisting of 11 pages in this docket on

 18 December 26, 2006?

 19 A. Yes, I did.

 20 Q. Do you have any changes or additions to that

 21 testimony?

 22 A. There are two changes. The first change is on

 23 page 3, line 12. 190 should be changed to 180.

 24 And at this time, I would also like to correct

 25 a statement I made in my deposition, where I indicated I

 1244

 1 thought I had used the updated Taylor Energy Center

 2 costs for that calculation, and when I went back and

 3 checked my calculations, I hadn't. But the 180

 4 represents the updated Taylor Energy Center capital

 5 costs.

 6 The next change is on page 8, lines 16 and 17,

 7 where, as Brad Kushner testified, there was one

 8 sensitivity scenario out of the approximately 70 cases

 9 for which Taylor was not cost-effective.

 10 Q. So that sentence on line 17 of page 8 should

 11 be, "to be cost-effective for each participant under all

 12 but one sensitivity scenarios considered"?

 13 A. Correct.

 14 Q. Thank you. With those changes, Mr. Rollins,

 15 if I were to ask you the questions in your revised

 16 rebuttal testimony today, would your answers be the

 17 same?

 18 A. They would.

 19 MR. PERKO: Madam Chairman, we would move

 20 Mr. Rollins' revised rebuttal testimony into the record

 21 as if read.

 22 CHAIRMAN EDGAR: The prefiled rebuttal

 23 testimony will be entered into the record as though read

 24 with the change noted by the witness.

 25

 1256

 1 BY MR. PERKO:

 2 Q. Mr. Rollins, have you prepared a summary of

 3 your revised rebuttal testimony?

 4 A. I have.

 5 Q. Could you present that, please?

 6 A. The intervenors' testimony claims that the

 7 prospect of CO2 regulation renders this project too

 8 risky. Evaluation of risk is a necessary part of

 9 utility planning. However, because nobody knows if,

 10 when, or how CO2 will be regulated, analyzing the risk

 11 of --

 12 MS. BROWNLESS: Objection, Your Honor. I

 13 believe that this summary goes beyond the revised

 14 rebuttal supplied by Mr. Rollins.

 15 CHAIRMAN EDGAR: Ms. Raepple, Mr. Perko.

 16 MR. PERKO: Madam Chair, on page 4 of the

 17 testimony, Mr. Rollins states that the Commission

 18 understandably may want to hear evidence regarding the

 19 impact of potential future regulation of CO2; however,

 20 speculating what may or may not occur and including such

 21 speculation related to potential CO2 emissions

 22 regulations in the determination of need would unfairly

 23 penalize the participants and could lead to economically

 24 inefficient results. So I think that this statement in

 25 his summary directly relates to that.

 1257

 1 CHAIRMAN EDGAR: Ms. Brubaker?

 2 MS. BRUBAKER: I'm sorry. I guess I need to

 3 hear a restatement of Mr. Rollins' summary to really be

 4 able to address that.

 5 CHAIRMAN EDGAR: Okay. Let's start here.

 6 Ms. Brownless, can you elaborate?

 7 MS. BROWNLESS: Yes, ma'am. It seems to me

 8 that the revised rebuttal is quite short. It's very

 9 specific, rebutting specific testimony, obviously, that

 10 was presented by the intervenors.

 11 I guess I would suggest that with regard to

 12 this revised rebuttal, a very brief statement is fine,

 13 but more elaborate fleshing out of why he believes that

 14 CO2 regulation is not inevitable is not appropriate. So

 15 it's a matter of degree, Your Honor.

 16 MR. PERKO: Madam Chair, if I could respond

 17 very briefly, I think you'll find that this summary

 18 consists of five or six sentences, so I think that that

 19 may achieve what Ms. Brownless wants. I don't think

 20 he's going to go into a lot of detail.

 21 CHAIRMAN EDGAR: Okay. Ms. Brownless, your

 22 objection is noted and understood, and I'm going to

 23 allow the witness to continue with his summary. And

 24 then we will allow questions, of course.

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

 1258

 1 A. (Continuing) However, because nobody knows

 2 if, when, or how CO2 will be regulated, analyzing the

 3 risk of potential CO2 regulations requires speculation.

 4 Nevertheless, we did present a CO2 sensitivity analysis

 5 based on our experts' best judgment of the effect of

 6 potential CO2 regulation on fundamental market factors,

 7 including fuel prices. That analysis demonstrates that

 8 Taylor Energy Center is the most cost-effective

 9 alternative for each of the applicants. Contrary to

 10 Ms. Bryk's assertions, we have provided detailed and

 11 appropriate analyses of energy efficiency and

 12 supply-side alternatives that are fully consistent with

 13 integrated resource planning principles.

 14 That concludes my rebuttal summary.

 15 MR. PERKO: And we tender the witness for

 16 cross-examination.

 17 CHAIRMAN EDGAR: Thank you. Ms. Brownless,

 18 your opportunity for cross.

 19 CROSS-EXAMINATION

 20 BY MS. BROWNLESS:

 21 Q. Good afternoon, Mr. Rollins. At one of the

 22 series of depositions we were all at, you provided a

 23 handwritten worksheet for the calculation of your, at

 24 that time, $190 per ton calculation referred to on page

 25 3 of your revised testimony, and I'm just going to hand

 1259

 1 that out now.

 2 And if you can just look these calculations

 3 over and see if that was what was previously provided,

 4 Mr. Rollins. And I think these are the calculations

 5 that support your statement on page 3 of your revised

 6 rebuttal that CO2 allowances would have to exceed --

 7 originally you said $190 per ton before the combined

 8 cycle unit becomes lower cost than TEC under a CO2

 9 regulated environment; is that correct?

 10 A. That's correct.

 11 MS. BROWNLESS: And we would like this marked,

 12 Your Honor, and I think the next number is 111; is that

 13 correct?

 14 CHAIRMAN EDGAR: Yes, 111. Will you give me a

 15 title or a label?

 16 MS. BROWNLESS: Mr. Rollins, I had a hard time

 17 reading the title that you wrote on here, so perhaps you

 18 could read it into the record.

 19 THE WITNESS: Breakeven CO2 Allowance Cost

 20 With High Gas Prices.

 21 MS. BROWNLESS: Thank you.

 22 CHAIRMAN EDGAR: Okay.

 23 (Exhibit Number 111 was marked for

 24 identification.)

 25 BY MS. BROWNLESS:

 1260

 1 Q. Now, I notice that you've got up here highest

 2 gas cost for a Fort Pierce Utility Authority, Henry D.

 3 King, 18.11 per MBTU; is that correct?

 4 A. Yes, ma'am.

 5 Q. And is this what Fort Pierce actually paid?

 6 A. Yes, ma'am.

 7 Q. And did the other participating members of

 8 FMPA pay less than this?

 9 A. I didn't check the price of all other

 10 participating members, but probably less, yes.

 11 Q. Okay. Did you attempt to average the highest

 12 prices paid by FMPA members or attempt to average the

 13 prices paid by FMPA members?

 14 A. No, ma'am. I was just picking out the highest

 15 price.

 16 Q. Okay. Do you know how this figure compares

 17 with the high gas price forecasts that were used in the

 18 TEC sensitivity analysis?

 19 A. They would be higher.

 20 Q. And subject to check, would you agree that

 21 Mr. Myers' Exhibit JM-2 base case uses $9.58 per MBTU in

 22 2006?

 23 A. Subject to check, yes.

 24 Q. Okay. And his high case, Mr. Myers' high case

 25 fuel forecast, JM-3, uses $11.49 in 2006, subject to

 1261

 1 check?

 2 A. Subject to check, yes.

 3 Q. And Mr. Preston's Exhibit MP-2 base case uses

 4 $9.02 per MBTU in 2006?

 5 A. Subject to check, yes.

 6 Q. And finally, Mr. Preston's Exhibit MP-3 high

 7 case uses $10.82 in 2006 per MBTU?

 8 A. Subject to check, yes.

 9 Q. Thank you. So basically, this is double to

 10 three times what your experts have predicted for natural

 11 gas prices in the sensitivity studies upon which you

 12 rely?

 13 A. That price was an actual price in 2005.

 14 Q. But it is double to three times what your

 15 forecasts are; correct?

 16 A. It's significantly higher, yes. And my

 17 testimony said that people shouldn't plan for continued

 18 prices of that range.

 19 Q. Okay. Now, at your deposition you indicated

 20 that you did this calculation of the impact of CO2

 21 emission allowances, and you used in that instance $12 a

 22 ton. And this is on page 10 of your testimony. Is that

 23 right?

 24 A. Could you repeat that question? Did you tie

 25 this to -- I wasn't sure you tied this to the –-

 1262

 1 Q. No. We're skipping to another topic. We're

 2 done with Exhibit 111, moving on. And now if you can

 3 turn to page 10.

 4 A. Okay.

 5 Q. And there you calculated $12 a ton; is that

 6 correct?

 7 A. I didn't calculate $12 a ton. $12 a ton was

 8 in David Lashof's testimony.

 9 Q. I misstated that. Let me restate my question.

 10 You calculated the $11.10 per megawatt-hour.

 11 A. Yes, ma'am.

 12 Q. Okay. What CO2 emission rate for the TEC unit

 13 did you use in this calculation?

 14 A. I don't think I used a CO2 emission rate for

 15 TEC in that calculation. I used the 6.3 million

 16 megawatt-hours and a $12 a ton cost. I was just using

 17 Dr. Lashof's numbers.

 18 Q. Okay. Would you have to have a CO2 emission

 19 rate for the TEC unit to multiply times $12 a ton to do

 20 that calculation?

 21 A. No.

 22 Q. Nope? Okay. Do you know what the proposed

 23 CO2 emission rate is for the TEC unit?

 24 A. It is in Section or Volume A of the

 25 application. I could look it up if you like.

 1263

 1 Q. That would be great. Could you do that?

 2 And the reason I'm asking is, I'm looking at

 3 page 26 of your deposition, and here's the question:

 4 "Please explain how you performed this analysis."

 5 Answer: "Using the 6.3 million megawatt-hours

 6 per year and the emission rate from the Taylor Energy

 7 Center." So that's why I assumed that you had used an

 8 emission rate for the Taylor Energy Center.

 9 A. I think you're probably right. I probably

 10 misspoke and used the emission rate to get the total

 11 number of tons and then multiplied that by the dollars

 12 per ton and then divided by the number of

 13 megawatt-hours.

 14 Q. Right. And what was that emission rate?

 15 A. The emission rate in Table A.3-2 is 211 pounds

 16 per MBTU.

 17 Q. Thank you, sir. You testified in your revised

 18 rebuttal that -- and I'm going to kind of -- and this

 19 was at page 11 of your revised rebuttal. I'll kind of

 20 make this generalized statement regarding your

 21 testimony. As I understand your testimony, the gist of

 22 your testimony is that energy efficient measures do not

 23 equal megawatt per megawatt supply-side options. Is

 24 that a fair statement?

 25 A. Well, that is probably a truthful statement,

 1264

 1 yes.

 2 Q. Okay. And as I understand the basis for this

 3 opinion of yours, it's that you believe that that is

 4 specifically true for measures which are dependent upon

 5 utility customers' willingness to continually implement

 6 those measures; is that fair?

 7 A. Partially, yes.

 8 Q. Aren't there a whole group of demand-side

 9 management programs that are not dependent upon customer

 10 compliance?

 11 A. There are some measures or programs that are

 12 less dependent upon customer compliance. Insulation

 13 programs would be a --

 14 Q. Right.

 15 A. -- pretty good example of some of those,

 16 especially on new houses.

 17 Q. Right. So when a customer chooses to -- or

 18 when a builder uses Energy Star, complies with the

 19 Energy Star construction program, installs higher

 20 insulation than is required by the standard building

 21 code, installs windows that are more thermally

 22 efficient, those are not measures that depend upon

 23 customer compliance; is that correct?

 24 A. I would say not. They depend upon a builder

 25 installing them.

 1265

 1 Q. Right. And once those measures are in place,

 2 they realize whatever savings they realize on a

 3 continuing, 24-hour-a-day basis?

 4 A. Generally. But there can be degradation in

 5 insulation. If you have it blown in, sometimes it

 6 settles. You can also have -- as time goes on, windows

 7 can develop leaks. But generally, those are the kinds

 8 of things that aren't as dependent upon customer

 9 reactions.

 10 Q. Isn't it also true that demand-side management

 11 programs can be audited by the implementing utilities so

 12 that they can continually tweak those programs, modify

 13 them, for example, to make them more cost-effective?

 14 A. Some utilities monitor programs, yes.

 15 Q. Okay. Now, on page 9 of your revised

 16 rebuttal, you speak about the proper evaluation of IGCC;

 17 is that correct?

 18 A. Are you referring to lines 18 to 24?

 19 Q. Yes, sir.

 20 A. And your question was what?

 21 Q. Well, actually it goes on to page 10.

 22 A. Yes, it goes on.

 23 Q. Right, up to page 10.

 24 A. What --

 25 Q. And here's my question.

 1266

 1 A. Okay.

 2 Q. Okay. You're referring to the proper

 3 evaluation of IGCC and the fact that it was evaluated in

 4 this process?

 5 A. We evaluated it, yes, ma'am.

 6 Q. Okay. Now, I believe that you previously

 7 indicated that the availability of TECO's IGCC unit was

 8 approximately 74 percent; is that right?

 9 A. That's right. And I think that was over the

 10 last five years.

 11 Q. Okay. And you participated in the Stanton

 12 Unit B need determination; is that right?

 13 A. Yes, ma'am.

 14 Q. And that's a 283-megawatt IGCC; is that right?

 15 A. Yes, ma'am.

 16 Q. Would you deem that to be the new generation

 17 of IGCCs?

 18 A. I would say it's one of the new generations.

 19 Q. Okay. It definitely is more advanced than

 20 TECO's unit; is that fair to say?

 21 A. It's different, at least. I wouldn't say

 22 necessarily it's more advanced.

 23 Q. Okay. Do you project the availability of --

 24 did you project the availability of that 283-megawatt

 25 IGCC to be greater than 74 megawatts in the Stanton need

 1267

 1 determination?

 2 A. We used the availability that was guaranteed

 3 by Southern Company in that evaluation, and the

 4 availability was confidential.

 5 Q. Was it greater than 74 percent?

 6 A. Not always.

 7 Q. When you say not always, do you mean during

 8 the first years of operation of the unit?

 9 A. I think you probably ought to look at the

 10 redacted version of our need for power application,

 11 where we talk about that. I don't feel comfortable

 12 getting into the details of that confidential

 13 availability. I'm under a confidentiality agreement

 14 still probably with them.

 15 Q. Well, I have only one other question then.

 16 You heard, I'm sure, Mr. Klausner testify that over the

 17 last two years, TECO's existing IGCC unit had achieved

 18 88 percent availability; is that correct?

 19 A. I don't remember specifically, but subject to

 20 check, yes.

 21 Q. And that unit would be old IGCC technology; is

 22 that right?

 23 A. Let's approximately 10 years old, yes.

 24 MS. BROWNLESS: Okay. And if you'll give me a

 25 minute, Your Honor, I think that's all I have.

 1268

 1 BY MS. BROWNLESS:

 2 Q. Mr. Rollins, I'm a longtime listener of

 3 National Public Radio, and yesterday on Morning Edition,

 4 I heard the following. And I'll pass out the news

 5 report. And this is from the Morning Edition yesterday

 6 morning, January 17th of 2007.

 7 MR. PERKO: Excuse me, Madam Chair. I'm going

 8 to have to object on the grounds that there's no

 9 predicate for this document. It's pure hearsay, and

 10 lack of foundation.

 11 MS. BROWNLESS: Can you let me ask my

 12 question, please.

 13 BY MS. BROWNLESS:

 14 Q. Now, I'm just going to refer to the second

 15 page, Mr. Rollins, and if you'll look at the paragraph

 16 that starts, "Nonetheless, just the threat of a tax on

 17 carbon is having an effect in the marketplace." Do you

 18 see that?

 19 A. Yes.

 20 Q. And I'm just going to read the next little

 21 bit. "Roger Smith is a marketing manager with Black &

 22 Veatch, a firm that builds power plants all over the

 23 world. 'We're advising people, I believe prudently, to

 24 assume that there will be a cost associated with it.

 25 And, of course, regarding cost, now you're back to

 1269

 1 reading the tea leaves. I don't know,' Smith said.

 2 Smith says it may not be wise for utilities to think

 3 that if they build now, they would be exempt from a

 4 future carbon tax or be able to simply pass on the cost

 5 of such a tax to customers. 'I'm not saying people

 6 aren't looking at that and saying, "You know, that is

 7 the impact to us if we can pass that through or get

 8 grandfathered or whatever," but I think that would be a

 9 fairly risky proposition,' Smith said."

 10 Now, my first question is, is Roger Smith a

 11 marketing manager with Black & Veatch?

 12 A. I don't believe so.

 13 Q. Okay. Well, my next question is, regardless

 14 of whether Mr. Smith is a marketing manager for Black &

 15 Veatch or not, do you agree with his statement that one

 16 should assume that there will be a cost associated with

 17 CO2 and that -- first of all, do you agree with that?

 18 A. I do not agree that there necessarily will be

 19 CO2 regulation. I also, you know, believe that there

 20 might be CO2 regulation. If there is CO2 regulation,

 21 certainly there's going to be cost associated with it,

 22 or likely there's going to be cost associated with it.

 23 Q. Okay. And finally, do you disagree with the

 24 idea stated by Mr. Smith that it is risky to assume

 25 existing coal plants will have grandfathered CO2

 1270

 1 emission allowances or will be able to pass those

 2 allowances through to ratepayers?

 3 A. You know, I think trying to figure out what

 4 the regulations are going to say at this time, when I'm

 5 not even sure that there are going to be regulations, is

 6 speculating beyond what's reasonable.

 7 Q. So it's fair to say that you disagree with

 8 Mr. Smith?

 9 A. Do you want to point me to the specific

 10 statement? All the statements that he made, or a

 11 specific --

 12 Q. No, sir, just the last one, with regard to his

 13 idea that it is a risky, fairly risky proposition for

 14 utilities to assume that either they will be able to

 15 pass the cost of CO2 regulation on to their ratepayers,

 16 or (2), that they will get some type of grandfathered

 17 CO2 allowance.

 18 MR. PERKO: Objection. I believe she's

 19 mischaracterizing the quote here. That's not what it

 20 says.

 21 CHAIRMAN EDGAR: Ms. Brownless, I --

 22 MS. BROWNLESS: Well, we can move on.

 23 CHAIRMAN EDGAR: Let me finish. I have

 24 granted some latitude. You know, I too am a longtime,

 25 faithful listener of NPR, but it sounds to me like he

 1271

 1 has answered your questions, and I feel like we're just

 2 going --

 3 MS. BROWNLESS: That's fine. Thank you so

 4 much, Your Honor. We're done.

 5 CHAIRMAN EDGAR: Did you have further

 6 questions?

 7 MS. BROWNLESS: No, ma'am.

 8 CHAIRMAN EDGAR: You are finished. Okay.

 9 Mr. Paben.

 10 MR. PABEN: I don't have any additional

 11 questions.

 12 CHAIRMAN EDGAR: Okay. Mr. Jacobs.

 13 MR. JACOBS: Just a couple.

 14 CROSS-EXAMINATION

 15 BY MR. JACOBS:

 16 Q. Good afternoon, Mr. Rollins. You speak

 17 regarding the risks associated with this overall

 18 project. I would like just to cover some of the areas

 19 that we've had in testimony over the course of the

 20 hearing.

 21 I believe you've heard testimony from

 22 witnesses of the applicants regarding capital costs.

 23 Are you familiar with Mr. Herndon's and Mr. Kushner's

 24 testimony that they believe the capital costs are going

 25 to be stable from this point on and there's no further

 1272

 1 risk associated with that?

 2 A. Yes. I heard their testimony, and I agree

 3 that --

 4 Q. And you agree with that?

 5 A. Yes.

 6 Q. And you heard testimony regarding issues

 7 regarding coal delivery and coal market prices. Is it

 8 your view that coal markets are stable and coal

 9 transportation issues are stable such that there's no

 10 risk associated with those in this project?

 11 A. I agree, yes.

 12 Q. We've heard testimony regarding the -- as you

 13 just covered, and I won't cover all those issues again,

 14 but whether or not there will be environmental

 15 regulations that affect this project, and you've just

 16 given your testimony on that.

 17 My question is this: Given the scope -- and I

 18 will accept your testimony as you've given it, but given

 19 the scope of those risks, even accepting your statements

 20 on them, isn't the example of Tallahassee in this case a

 21 really cogent example that all the applicants should

 22 follow, that being to consider ways of deferring their

 23 need until a time when they can look at more options for

 24 supplying their capacity?

 25 A. Are you asking -- I guess I don't quite

 1273

 1 understand. I'm sorry.

 2 Q. Is a risk mitigation measure simply to look at

 3 how to understand all these areas of risk, even

 4 accepting your testimony that those risks minimal, the

 5 capital costs, the coal transportation and coal markets,

 6 cost of environmental, even if you accept your

 7 testimony, wouldn't it be prudent for a potential

 8 builder of a coal plant to consider the approach taken

 9 by the City of Tallahassee?

 10 A. Are you trying to ask would it be prudent to

 11 delay Taylor?

 12 Q. To mitigate, as the statute says.

 13 A. I guess -- what do you mean by mitigate?

 14 Would that -- you know, does mitigate mean delay? Does

 15 mitigate mean reduce the size?

 16 Q. It's my understanding that it could mean both

 17 of those options. It could mean reducing your present

 18 need, your future need, or it could mean actually

 19 delaying the building of the plant.

 20 A. Well, I don't believe it would be prudent to

 21 mitigate the need for Taylor. I believe our evaluations

 22 have indicated a one-year delay would cost the

 23 participants approximately $85 million.

 24 Q. And that analysis assumed no -- again, just to

 25 recapitulate, that analysis assumed that there would be

 1274

 1 no potential for use of any DSM or any other

 2 alternatives in that delay?

 3 A. Well, that evaluation included Tallahassee's

 4 DSM.

 5 Q. But none for the others?

 6 A. No. Excuse me. I need to correct that. No,

 7 it did not include Tallahassee's DSM. But Taylor will

 8 provide benefits to the participants, even if there

 9 wasn't need for capacity, through displacement of higher

 10 cost energy with it. It is not dissimilar to the

 11 situation we were in back in the early '80s when we had

 12 coal units built for oil backout.

 13 MR. JACOBS: Okay. No further questions.

 14 Thank you.

 15 CHAIRMAN EDGAR: Are there questions from

 16 staff?

 17 MS. FLEMING: No questions.

 18 CHAIRMAN EDGAR: No questions. Mr. Perko.

 19 MR. PERKO: Very briefly.

 20 REDIRECT EXAMINATION

 21 BY MR. PERKO:

 22 Q. Mr. Rollins, Ms. Brownless asked you a couple

 23 of questions regarding the TECO Polk unit, the existing

 24 one, regarding the recent capacity factor above

 25 80 percent. Hasn't TECO -- or has TECO made numerous

 1275

 1 rounds of technical changes and expended significant

 2 resources in order to achieve that capacity factor?

 3 A. Yes. They have been working for, you know, 10

 4 years to get to that capacity factor.

 5 Q. And the Stanton B project, which is the new

 6 round of IGCC, that is designated as a demonstration

 7 project by the Department of Energy; is that correct?

 8 A. That's correct. That's why they gave them the

 9 grant.

 10 Q. And one final question. Do the load forecasts

 11 for all of the participants reflect all of the DSM they

 12 currently have in place?

 13 A. Yes, they do.

 14 MR. PERKO: Thank you. Nothing further.

 15 MS. BROWNLESS: And at this time, we would

 16 like to move Exhibit 111.

 17 CHAIRMAN EDGAR: Any objections to Exhibit

 18 111?

 19 MS. BROWNLESS: That's the handwritten --

 20 CHAIRMAN EDGAR: Right. Okay. Seeing no

 21 objection, Exhibit 111 will be entered into the record.

 22 (Exhibit Number 111 was admitted into the

 23 record.)

 24 CHAIRMAN EDGAR: I think the witness is

 25 excused. Thank you.

 1276

 1 MS. BROWNLESS: And, Your Honor, I think we

 2 have one housekeeping matter.

 3 CHAIRMAN EDGAR: Okay. Are there any

 4 housekeeping matters?

 5 MS. BRUBAKER: Actually, there is one

 6 housekeeping matter. Earlier during the NRDC counsel's

 7 cross-examination of witness Kushner, they referred to

 8 what has been identified as Exhibit 110. Exhibit 110

 9 was proffered as part of -- Suzanne, whose --

 10 MS. BROWNLESS: The response to NRDC's --

 11 NRDC's response to the applicants' first set of

 12 interrogatories.

 13 MS. BRUBAKER: And that was originally

 14 proffered as part of, I believe, Mr. Lashof's testimony;

 15 is that correct?

 16 MS. BROWNLESS: Yes, ma'am.

 17 MS. BRUBAKER: And there was an objection, and

 18 it was sustained, that it would be inappropriate to

 19 enter that as part of the direct testimony and exhibits

 20 for Dr. Lashof. However, it was identified as a

 21 cross-examination exhibit during Mr. Kushner's

 22 cross-examination by counsel for NRDC.

 23 And it occurs -- of course, if there's any

 24 objection on the part of the applicants, we can hear it.

 25 But the basis for the objection with regard to

 1277

 1 Dr. Lashof's testimony would be, I think, different than

 2 the basis for the objection to utilizing the document as

 3 a cross-examination exhibit. And just to clarify, I'm

 4 not referring to the entire document, just the chart

 5 that appears on page 3 of the NRDC response to

 6 applicants' first set of interrogatories, numbers 1

 7 through 12.

 8 MS. BROWNLESS: And, Your Honor, we would

 9 point out that initially when this chart was discussed,

 10 it was identified by Dr. Lashof. We didn't give it an

 11 exhibit number at that time because it was objected to.

 12 And I agree with Ms. Brubaker that it's appropriate to

 13 give it a number now, and I think we need to identify it

 14 anyway. No matter what your ruling is, we need to give

 15 it a number so that it can either be admitted or not

 16 admitted, but at least so that it can be identified and

 17 proffered.

 18 MS. BRUBAKER: I believe it has actually been

 19 identified as Number 110.

 20 MS. BROWNLESS: I think 110 was the entire set

 21 of interrogatories.

 22 MS. BRUBAKER: Oh, I see what you're saying.

 23 I see what you're saying.

 24 MS. BROWNLESS: So this would probably be 111,

 25 or 112.

 1278

 1 CHAIRMAN EDGAR: 112 would be the next number

 2 that we are at. Let's just take a moment and make sure

 3 that we are all clear. So we have prior to this point

 4 labeled as 110 during witness Lashof's testimony the

 5 response to the --

 6 MS. BROWNLESS: All of the responses.

 7 CHAIRMAN EDGAR: All of the response by NRDC

 8 to the applicants' first set of interrogatories, and we

 9 are now taking -- I'm sorry. I'm going to need you to

 10 specify for me, but a separate chart that had been

 11 previously passed around.

 12 MS. BROWNLESS: It is the answer to -- it's

 13 the chart that's found in the answer to the first

 14 interrogatory. And we had -- we handed those out

 15 yesterday. I have one other, Your Honor.

 16 CHAIRMAN EDGAR: Okay. That would have been

 17 on Friday.

 18 MS. BROWNLESS: And that I think would be

 19 identified -- the next number would be 112.

 20 CHAIRMAN EDGAR: Yes, that would be 112.

 21 MS. BROWNLESS: And that's the only part that

 22 we would be seeking to identify and admit at this time,

 23 not anything else in 111, or 110.

 24 CHAIRMAN EDGAR: Okay. Mr. Perko.

 25 MR. PERKO: Madam Chairman, I think we're put

 1279

 1 at a bit of a disadvantage here. Because this document

 2 was not admitted during Dr. Lashof's testimony, we have

 3 no opportunity to cross-examine him on this. There's no

 4 predicate for this chart. In fact, there's no reference

 5 as to who developed this chart, when it was developed,

 6 or anything else. So it has -- I can't say that it's

 7 competent and substantial evidence.

 8 MS. BROWNLESS: I would respond to that, Your

 9 Honor, by saying that the applicants were obviously

 10 provided with the responses to the interrogatories.

 11 They've certainly had an opportunity to look at the

 12 responses. They objected to the entry of the chart when

 13 we asked Dr. Lashof about it, and so therefore, I don't

 14 think they can complain about not having had the ability

 15 to ask him about it, since they had the chance to do so.

 16 CHAIRMAN EDGAR: And I will look to staff

 17 counsel.

 18 MS. HELTON: Madam Chairman, I think we're

 19 here in part because of me. In the interest of making

 20 sure that the record was complete and correct, I

 21 suggested to Ms. Brubaker that we go back and revisit

 22 this particular exhibit, because, one, it had not been

 23 marked, and there had been extensive cross-examination

 24 on it by Ms. Brownless.

 25 I do note the objection given by Mr. Perko.

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 1 However, I believe that it would be appropriate to admit

 2 the evidence -- I mean to admit the exhibit and give it

 3 the weight that it's due with the objections noted by

 4 Mr. Perko, in the interest of having a full and complete

 5 record.

 6 CHAIRMAN EDGAR: Mr. Perko.

 7 MR. PERKO: And just to clarify, it would just

 8 be the chart?

 9 MS. BROWNLESS: Yes, sir.

 10 CHAIRMAN EDGAR: At this point, we are just

 11 talking about what we have identified to be numbered as

 12 112.

 13 MR. PERKO: Thank you.

 14 CHAIRMAN EDGAR: Okay. So seeing no further

 15 objection, we will enter Exhibit 112 into the record as

 16 discussed.

 17 (Exhibit Number 112 was marked for

 18 identification and admitted into the record.)

 19 CHAIRMAN EDGAR: And I think that brings us

 20 back to 110.

 21 MS. BROWNLESS: That has been proffered, Your

 22 Honor.

 23 CHAIRMAN EDGAR: That has been proffered.

 24 Ms. Helton.

 25 MS. HELTON: It's my understanding that what

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 1 has now been marked and identified as Exhibit 112 was

 2 the one exhibit that we needed to admit to have a full

 3 and complete record. It's my understanding that with

 4 respect to Exhibit 110, that that ruling should still

 5 stand with respect to -- that it not be admitted into

 6 the record.

 7 CHAIRMAN EDGAR: Thank you, Ms. Helton. I

 8 think I understand. We have admitted Exhibit 112. The

 9 exhibit that was marked as 110, the prior objection was

 10 sustained, and that ruling stands.

 11 Are there any other matters?

 12 MS. BRUBAKER: We need a short title for 112,

 13 please.

 14 MS. BROWNLESS: CO2 Price Forecast Comparison.

 15 MR. PERKO: I'm sorry, Madam Chair.

 16 CHAIRMAN EDGAR: That's okay. Let's figure it

 17 out while we're all here.

 18 MR. PERKO: I'm not exactly sure what Exhibit

 19 112 is at this point.

 20 MS. BROWNLESS: This is it, Gary. I'll give

 21 you a copy.

 22 MR. PERKO: Okay. It's the chart that we've

 23 been talking about.

 24 MS. BROWNLESS: Yes, sir.

 25 CHAIRMAN EDGAR: That is my understanding.

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 1 MR. PERKO: I apologize.

 2 CHAIRMAN EDGAR: That's okay. That's okay.

 3 Okay. Are there other matters that we need to

 4 address before we conclude? Ms. Brownless.

 5 MS. BROWNLESS: One more matter. I have been

 6 diligently working on my brief and printing out the

 7 transcripts, and we just got Volume 6 this morning, as I

 8 understand it, in the .PDF form, which is the form that

 9 must be used to properly cite for the brief. So would

 10 it be possible for us to have one more day, since we

 11 just got that this morning?

 12 CHAIRMAN EDGAR: Okay. Let's talk about --

 13 we'll talk about dates in a moment. Let me just make

 14 sure there are no other matters related to the record,

 15 the documents, the witnesses, the testimonies, anything

 16 other than dates that we need to go ahead and address.

 17 MS. BRUBAKER: Staff is not aware of any.

 18 CHAIRMAN EDGAR: You're not aware of anything.

 19 Does anybody else have anything?

 20 All right. Let's talk dates. And I know that

 21 we did have some discussion of dates on Friday.

 22 Ms. Brubaker, I'm going to look to you to refresh my

 23 memory.

 24 MS. BRUBAKER: Yes. The briefing date was

 25 originally the 18th. Since we are actually concluding

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 1 the hearing on the 18th, it was agreed that the briefs

 2 Would be due on the 23rd, with a commensurate length of

 3 time given to staff to late-file its recommendation from

 4 the 1st to the 6th, thus maintaining the currently

 5 scheduled February 13th agenda date.

 6 Staff would ask that to the extent that

 7 additional time is granted to the parties, we would beg

 8 humbly for again an additional extension of time.

 9 CHAIRMAN EDGAR: Okay. I am just pulling the

 10 calendar up in front of me.

 11 So, Ms. Brownless, we had discussed on Friday

 12 having briefs due -- an extension from the 18th,

 13 obviously, to the 23d, and you're asking to extend one

 14 additional day to the 24th.

 15 MS. BROWNLESS: Just one additional day.

 16 CHAIRMAN EDGAR: That's my understanding.

 17 Okay.

 18 MS. BRUBAKER: Madam Chairman, if I may also.

 19 CHAIRMAN EDGAR: Yes, ma'am.

 20 MS. BRUBAKER: A good suggestion has just been

 21 given that the briefs be served electronically so that

 22 there is no delay. The parties have been very agreeable

 23 to serving documents electronically. Also in Word

 24 format, that would certainly be helpful.

 25 CHAIRMAN EDGAR: That would be helpful, I

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 1 think, to everyone to help us to move through the work

 2 that continues to need to be done. Is there any concern

 3 about that? Seeing none, okay.

 4 So if we have briefs due on the 24th -- and

 5 I'm glad to try to accommodate that as long as I know

 6 that our staff and the Commissioners have the ample time

 7 that they will need in order to get us to the point on

 8 the other end of what we need to do. So if we have the

 9 briefs due the 24th, then the 6th to the 7th, we're

 10 looking at the staff recommendation on the 7th.

 11 Commissioners, any concern? It is somewhat of

 12 a compressed time schedule, but then many things are

 13 these days.

 14 COMMISSIONER CARTER: We'll work it out.

 15 CHAIRMAN EDGAR: All right. Thank you very

 16 much. Once again, everybody eat your Wheaties. It's

 17 going to be a heavy workload for everybody.

 18 Any additional comments or concerns or

 19 questions?

 20 Seeing none, then the date for briefs to be

 21 due, per the discussion that we had, will be extended to

 22 the 24th. We will look for the staff recommendation on

 23 the 7th, and we will plan to bring forward the item on

 24 the 13th of February.

 25 Any other matters?

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 1 MS. BRUBAKER: Staff is aware of none.

 2 CHAIRMAN EDGAR: Any other matters?

 3 MR. PERKO: No, ma'am.

 4 MS. BROWNLESS: No, ma'am.

 5 CHAIRMAN EDGAR: Okay. Then once again, thank

 6 you to everybody for your cooperation. I know that it

 7 has been a bit of a long haul, a number of things to

 8 accommodate. Work well done on all parts. Thank you,

 9 and we are adjourned.

 10 (Proceedings concluded at 1:45 p.m.)

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 1 CERTIFICATE OF REPORTER

 2

 3 STATE OF FLORIDA:

 4 COUNTY OF LEON:

 5 I, MARY ALLEN NEEL, Registered Professional

 6 Reporter, do hereby certify that the foregoing

 7 proceedings were taken before me at the time and place

 8 therein designated; that my shorthand notes were

 9 thereafter translated under my supervision; and the

 10 foregoing pages numbered 1214 through 1285 are a true

 11 and correct record of the aforesaid proceedings.

 12 I FURTHER CERTIFY that I am not a relative,

 13 employee, attorney or counsel of any of the parties, nor

 14 relative or employee of such attorney or counsel, or

 15 financially interested in the foregoing action.

 16 DATED THIS 20th day of January, 2006.

 17

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