

VOTE SHEET

March 13, 2007

Docket No. 060635-EU – 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. (Deferred from February 13, 2007, conference.)

Issue 1: Is there a need for the proposed Taylor Energy Center (TEC) generating unit, taking into account the need for electric system reliability and integrity, as this criterion is used in Section 403.519, Florida Statutes?

Recommendation: Yes. Based upon reasonable projections of load growth, the expiration of existing purchased power contracts, and the retirement of existing generating units, the Applicants have demonstrated a reliability need for the TEC.

DEFERRED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

02282 MAR 13 5

FPSC-COMMISSION CLERK

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(Continued from previous page)

Issue 2: Is there a need for the proposed TEC generating unit, taking into account the need for adequate electricity at a reasonable cost, as this criterion is used in Section 403.519, Florida Statutes?

Recommendation: Yes. The proposed TEC is a proven technology and the estimated costs provided by the Applicants appear to be reasonable. Based on current projections, the TEC is expected to provide the Applicants adequate electricity at a reasonable cost.

Issue 3: Is there a need for the proposed TEC generating unit, taking into account the need for fuel diversity and supply reliability, as this criterion is used in Section 403.519, Florida Statutes?

Recommendation: Yes. The addition of baseload coal-fired generation from the TEC will improve each Applicant's fuel diversity and supply reliability. The addition of TEC will also mitigate the impact of supply disruptions caused by an overdependence on natural gas.

Issue 4: Are there any conservation measures taken by or reasonably available to the Florida Municipal Power Agency, JEA, Reedy Creek Improvement District, and City of Tallahassee (Applicants) which might mitigate the need for the proposed TEC generating unit?

Recommendation: No. Even if the City of Tallahassee's ambitious DSM savings are applied to the other Applicants' peak demands, it would not relieve JEA's, FMPA's and RCID's reliability need. The Applicants' first priority should be maintaining reliability. Each Applicant utility should continue to report its conservation initiatives and achievements annually in their Ten-Year Site Plan filings.

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(Continued from previous page)

Issue 5: Have the Applicants appropriately evaluated the cost of CO₂ emission mitigation costs in their economic analysis?

Recommendation: Yes. Estimating CO₂ emission mitigation costs for the proposed TEC facility is highly speculative because there is no current CO₂ regulation and no consensus regarding potential regulatory requirements. However, the Applicants have performed a reasonable sensitivity analysis based on potential CO₂ regulation, the results of which support the TEC as cost-effective. The Applicants' sensitivity analysis comparing TEC to natural gas fired options showed significant savings for TEC.

Issue 6: Does the proposed TEC generating unit include the costs for the environmental controls necessary to meet current state and federal environmental requirements, including mercury, NO₂, SO₂, and particulate emissions?

Recommendation: Yes. The Applicants appropriately included the costs for current state and federal environmental controls. The Applicants were reasonable to rely on the federal requirements of the Clean Air Interstate Rule and the Clean Air Mercury Rule instead of speculating on the outcome of ongoing rule development and litigation regarding Florida's State Implementation Plan and federal court cases. Cost risks associated with evolving environmental regulations are normal costs that power plant owners and operators incur to address their customer's electrical needs.

Issue 7: Have the Applicants requested available funding from DOE to construct an IGCC unit or other cleaner coal technology?

Recommendation: No. The Applicants did not formally request funding from DOE for IGCC technology. However, the Applicants do appear to have made reasonable efforts to determine whether funding was available in the timeframe required to meet their reliability needs. A formal request of DOE funding for IGCC development is not one of the criteria listed in Section 403.519, Florida Statutes.

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(Continued from previous page)

Issue 8: Has each Applicant secured final approval of its respective governing body for the construction of the proposed TEC generating unit?

Recommendation: No. Each Applicant has received approval from its respective governing body only through the siting phase for the TEC, which is sufficient for the need proceeding. Each Applicant will have the opportunity to obtain final approval from its respective board prior to the construction phase, and each Applicant plans to reevaluate participation in the TEC with updated data prior to requesting final approval. It is prudent for each Applicant to analyze whether participating in the TEC is in the best interests of its ratepayers before, during and after construction of the unit.

Issue 9: Is the proposed TEC generating unit the most cost-effective alternative available, as this criterion is used in Section 403.519, Florida Statutes?

Recommendation: Yes. Combined cumulative present worth cost savings from the TEC are estimated to be \$899 million for the Applicants compared to the next least cost expansion plan for each Applicant, and appear to be robust under changing circumstances. The Applicants provided approximately 70 sensitivities, including changes in fuel prices, capital costs, and potential CO₂ regulation. The TEC provided savings in all but one sensitivity. The Applicants appropriately tested the TEC against other supply-side alternatives, including IGCC and biomass capacity. Further, the Applicants' analysis showed significant savings when the TEC was compared to a joint owned natural gas combined cycle, as well as an all natural gas expansion plan.

Issue 10: Based on the resolution of the foregoing issues, should the Commission grant the Applicants' petition to determine the need for the proposed TEC generating unit?

Recommendation: Yes. As discussed in Issues 1 through 9, the record evidence indicates that the Applicants have met the criteria set forth in Section 403.519, Florida Statutes. Therefore, the Applicants' petition to determine the need for the proposed TEC unit should be approved.

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(Continued from previous page)

Issue 11: Should this docket be closed?

Recommendation: The docket should be closed 32 days after issuance of the order, to allow the time for filing an appeal to run.