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Stubblefield, Heather

From: Stubblefield, Heather
Sent: Thursday, July 17, 2008 3:17 PM
To: [REDACTED]
Cc: Robison, Michael
Subject: FPL Solicitation
Attachments: [REDACTED]

Attached please find the formal solicitation letter that includes the information that we have been discussing since early this year concerning FPL's future gas transportation requirements. The original will follow in the mail. As you know, FPL is working with several parties and has requested that all parties submit a written bid(s) to FPL by September 2, 2008. In addition, we will be sending out a draft Precedent Agreement (PA) for your review and have requested that you submit your comments on the PA with your bid on September 2nd. We look forward to continuing our discussions with you to ensure that you have all the information that you need to submit a timely bid.

Heather Stubblefield
Manager, Project Development
Florida Power & Light
Office: 561-691-2145
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FPL

**Energy Marketing
& Trading**

July 17, 2008

FPL Energy Marketing & Trading, P.O. Box 14008, Juno Beach, FL 33408-0420

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As you know, our companies have been in discussions since early 2008 to explore new gas transportation alternatives for Florida. Now that FPL has finalized plans to modernize the Cape Canaveral and Riviera plants, we can begin our formal evaluation process to determine the best solution for gas delivery to these plants. As part of this evaluation, it is FPL's goal that the solution we choose will also increase the reliability and supply diversity of our gas portfolio as we plan for future generation growth. To facilitate these discussions, FPL has prepared the attached summary which outlines our gas transportation needs for the Cape Canaveral and Riviera conversions as well as an indication of future needs.

In keeping with our goal of finding a solution that meets not only our current gas transportation needs but would ensure future gas transportation availability and diversity of supply, FPL is currently evaluating the development of a new intrastate pipeline. This evaluation is being conducted to ensure that FPL has an understanding of the potential issues and costs associated with constructing a new pipeline project in Florida. This is one of the options that will be considered during the overall evaluation of gas transportation alternatives. Parties are invited to work with FPL to provide pricing for gas deliveries into this new intrastate pipeline via a new or existing gas pipeline. Of course, parties may also propose alternatives that would deliver gas only to the Cape Canaveral and Riviera plants using new or existing gas pipeline facilities but any perceived economic advantages of such proposals will be weighed against their more limited role in meeting FPL's long-term needs. FPL is also willing to consider other alternatives if they can provide a similar service for FPL.

Over the next few months, FPL will be working with several parties to determine which party can offer the best economics and delivery flexibility. We are requesting all parties provide firm pricing in the attached format by September 2, 2008 in order for us to have sufficient time to evaluate the alternatives and make a selection in November. In addition, FPL will be sending out a draft Precedent Agreement and Negotiated Rate Letter shortly for your review. Please submit your comments to these agreements in the form of a red-lined document on or before September 2nd. The evaluation process will include an analysis of overall economics including the value of the supply diversity and delivery flexibility of each project. In addition, there will be consideration for parties that can offer solutions for future generation expansions that will reduce FPL's exposure to the increasing cost of gas transportation.

FPL appreciates your participation in this solicitation and will continue to work with all parties to answer questions and provide feedback prior to submittal of the bids.

Sincerely,

Heather Stubblefield

Heather Stubblefield
Manager, Project Development

HS/mmw
Encl.

an FPL Group company

FPL Gas Transportation Summary

Delivery Requirements (please bid all three scenarios if possible):

Scenario 1: 1 Bcf/d

- 200,000 MMBtu/d delivered to Cape Canaveral beginning September 1, 2012
- 200,000 MMBtu/d delivered to Riviera beginning September 1, 2013
- 200,000 MMBtu/d delivered to Martin beginning September 1, 2013
- 400,000 delivered to two greenfield sites in southeast Florida with deliveries between 2015 and 2017

Scenario 2: 0.8 Bcf/d

- 200,000 MMBtu/d delivered to Cape Canaveral beginning September 1, 2012
- 200,000 MMBtu/d delivered to Riviera beginning September 1, 2013
- 400,000 delivered to two greenfield sites in southeast Florida with deliveries between 2015 and 2017

Scenario 3: 0.4 Bcf/d

- 200,000 MMBtu/d delivered to Cape Canaveral beginning September 1, 2012
- 200,000 MMBtu/d delivered to Riviera beginning September 1, 2013

Please provide responses in the following format. Additional pages can be included as necessary to elaborate on proposals. Multiple bids can be provided for each of the Scenarios (1 through 3) outlined above.

Potential Pipeline Alternatives (other viable proposals will also be considered):

Option 1 – Interstate pipeline from Transco Station 85 area to Cape Canaveral and Riviera

- Primary Receipt Point: Transco Station 85 area (interconnections with Transco, Gulsouth and Midcontinent Express)
- Primary Delivery Points: Cape Canaveral, Riviera, Martin, future FPL expansions (delivery pressure 650 psig).

Option 2 – A segment of pipeline (interstate or intrastate) which could be combined with other proposals to create a project from the Transco Station 85 area to Cape Canaveral and Riviera

Option 2(a): Interstate pipeline from Transco Station 85 area to FGT Station 16

- Primary Receipt Point: Transco Station 85 area (interconnections with Transco, Gulsouth and Midcontinent Express)
- Primary Delivery Points: FGT Station 16 & new intrastate pipeline

Option 2(b) – Intrastate pipeline capable of receiving gas originating from the Transco Station 85 area and delivering to Cape Canaveral and Riviera

- Primary Receipt Point: Interconnecting pipeline (FGT Station 16 area) with direct access to Transco Station 85 area
- Primary Delivery Points: Cape Canaveral, Riviera, Martin, future FPL expansions (delivery pressure 650 psig)

Project Management of Intrastate Pipeline:

- Parties proposing to provide gas transportation under Option 2(a) above are asked to consider providing project management services for FPL's proposed intrastate pipeline (Option 2(b)) in the event that, when evaluated against the other alternatives received as a result of this solicitation, FPL's proposal is determined to be the best alternative. These services would include working with FPL personnel through engineering, procurement, and construction activities. The party would also act as operator of the FPL pipeline for a limited period of time.
- Parties should prepare a detailed summary of the services they are willing to provide and the costs of these services.

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Bate-Stamp No.
FPL 003042-003043

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Bate-Stamp No.
FPL 003116-003120

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Bate-Stamp No.
FPL 003121-003123

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Bate-Stamp No.
FPL 003124-003127

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Annual O & M Expenses Based on Third Party Operations

Operational Expenses:

1	[REDACTED]		
	ROW Mowing and Maintenance	\$ 40,000	\$400 / Mile 100 miles / year
	Code Compliance and Notifications (Training and Awareness)	\$ 50,000	
	Cathodic Protection Expenses	\$ 75,000	
	SCADA and Communication equipment & maintenance	\$ 150,000	Willbros based on two stations
	Oil / Glycol / Consumables	\$ 240,000	Willbros based on two stations
	Electric Power	\$ 25,000	
	Integrity Management (Pigging and Aerial Patrols)	\$ 500,000	Willbros Estimate
2	[REDACTED]		
	Vehicles	8	\$ 96,000 \$12,000/vehicle
	IT Expenses		\$ 120,000
	General Expenses		\$ 30,000 2 people traveling every other week
	Office Lease		\$ 48,000 \$4,000/month
	Subtotal:		\$ 1,799,000

Labor

	Area Supervisor	0	
	Technicians (Communications / Meter / HP)	0	
	Compressor Station Operators	0	
	Pipeliner	0	
	Codes / Technical Supervisor	0	
	Gas Control	0	
	Operations (Nominations / Allocations)	0	
	Subtotal:	0	\$ - Based on \$200,000/yr
	Third Party Operating Agreement / Fee		\$ 1,750,000 Based on Sonat's Proposal (\$1.5 - \$2.0)

Total: **\$ 3,549,000**

3 [REDACTED]

PIPELINE SOLICITATION (CONFIDENTIAL)**Abbreviations Used:**

- +1 or +2 = indicates pipeline could serve 1 or 2 additional FPL power plants
- FGT 16 = Florida Gas Transmission's compressor station No. 16 located in Bradford County, Florida
- GS = Gulf South's (subsidiary of Boardwalk) Southeast Expansion
- MEP = Midcontinent Express Pipeline
- MMBtu/d = million British thermal units per day
- Offshore = provides for access to offshore Gulf of Mexico natural gas supplies
- PCC = FPL's Cape Canaveral Clean Energy Center
- Perryville = provides for access to Perryville to access onshore natural gas supplies originating in Texas and Louisiana
- PMR = FPL's Martin Plant
- PRV = FPL's Riviera Beach Clean Energy Center
- T85 = Transcontinental Pipe Line Company's (Transco) compressor station No. 85 located in Choctaw County, Alabama (this delivery point can receive gas from MEP, GS and Transco)

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* Bid received after 2:01:00PM. Replaces previous bid which has been indicated as successful (check in grey)
 * This bid has been indicated by the system (highlighted bid on the previous sheet) and was not enclosed in final analysis

Total Quantity (MMBtu/d)	Alternative	Receipt Point(s)	Delivery Point(s)	DEMAND OR BASE PRICE (\$/MMBtu)										MAXIMUM OR CAP (\$/MMBtu)										Volume Range	Start Date	Term (Years)	Hourly Delivery	Steel Price (per ton)	Pipe Size	Notes
				Demand Charge	Demand to Access \$/B	Total Demand Charge	Commodity Usage	Fuel to Access \$/B	Total Fuel	Total Fixed	Total Variable	TOTAL TRANSPORT	Demand Charge	Demand to Access \$/B	Total Demand Charge	Commodity Usage	Fuel to Access \$/B	Total Fuel	Total Fixed	Total Variable	TOTAL TRANSPORT									

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PIPELINE SOLICITATION (CONFIDENTIAL)
Interstate Pipeline

* Lowest Bid Selected for Final Award

	Total Quantity (MMBtu/d)	Alternative	Receipt Point(s)	Delivery Point(s)	MINIMUM OR BASE PRICE (\$/MMBtu/d)										MAXIMUM OR CAP (\$/MMBtu/d)										Volume Range	Start Date	Notes		
					Demand Charge	Demand to Access \$/ d5	Total Demand Charge	Commodity Usage	Fuel to Access \$/ d5	Total Fuel	Total Fixed	Total Variable	TOTAL TRANSPORT	Demand Charge	Demand to Access \$/ d5	Total Demand Charge	Commodity Usage	Fuel to Access \$/ d5	Total Fuel	Total Fixed	Total Variable	TOTAL TRANSPORT							
Company B	800,000	Interstate Pipeline	TBS	PCD, PRV, PMR	\$1,810	\$0,200	\$2,010	\$0,000	3.22%	0.30%	3.52%	\$2.01	\$0.30	\$2.31													080 M12	Sep-12	Using Transco AA to access \$/ d5, subject to steel price incl. only
Company B	600,000	Interstate Pipeline	TBS	PRV, PCD	\$1,849	\$0,200	\$2,049	\$0,000	3.22%	0.30%	3.52%	\$2.04	\$0.30	\$2.34													50 M12, 050 M13	Sep-12	Using Transco AA to access \$/ d5, subject to steel price incl. only
Company B	400,000	Interstate Pipeline	TBS	PRV, PCD	\$1,790	\$0,200	\$1,990	\$0,000	3.22%	0.30%	3.52%	\$1.99	\$0.30	\$2.29													50 M12, 350 M13	Sep-13	Using Transco AA to access \$/ d5, subject to steel price incl. only @ 200 M12
Company B	200,000	Interstate Pipeline	TBS	PCD	\$1,720	\$0,200	\$1,920	\$0,000	3.22%	0.30%	3.52%	\$1.92	\$0.30	\$2.22													200 M12	Sep-12	Using Transco AA to access \$/ d5, subject to steel price incl. only
Company B	200,000	Interstate Pipeline	TBS	PRV	\$2,150	\$0,200	\$2,350	\$0,000	3.22%	0.30%	3.52%	\$2.35	\$0.30	\$2.65													200 M12	Sep-12	Using Transco AA to access \$/ d5, subject to steel price incl. only

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PIPELINE SOLICITATION (CONFIDENTIAL)
Other

Company #	Total Quantity (MMBtu/d)	Alternative	Receipt Point(s)	Delivery Point(s)	MINIMUM OR BASE PRICE (\$/MMBtu)										MAXIMUM OR CAP (\$/MMBtu)										Volume Resp	Start Date	Notes
					Demand Charge	Demand to Access \$/ \$5	Total Demand Charge	Commodity Usage	Fuel Fuel	Fuel to Access \$/ \$5	Total Fuel	Total Fixed	Total Variable	TOTAL TRANSPORT	Demand Charge	Demand to Access \$/ \$5	Total Demand Charge	Commodity Usage	Fuel Fuel	Fuel to Access \$/ \$5	Total Fuel	Total Fixed	Total Variable	TOTAL TRANSPORT			
Upstream Pipeline Segment: Tracaco 85 to PMR and/or PCC Alternatives																											
Company #	499,000	Other	T85	PCC/PMR	\$1,548	\$9,280	\$1,740	\$8,880	3.32%	0.30%	3.62%	\$1.74	\$8.26	\$2.84									499 B12	Exp-12	Using Tracaco 85 to access \$1.85, subject to steel price adj. only		
Company #	499,000	Other	T85	PMR	\$1,888	\$9,398	\$1,800	\$8,898	3.32%	0.30%	3.62%	\$1.89	\$8.29	\$2.18									499 B12	Exp-12	Using Tracaco 85 to access \$1.85, subject to steel price adj. only		
Florida Pipeline Segment: FGT 16 to PCC/PMR Alternatives																											
Company #	400,000	Other	T85	PCC/PMR	\$1,498	\$9,380	\$1,890	\$8,080	3.32%	0.30%	3.62%	\$1.88	\$8.26	\$1.99									499 B12	Exp-12	Using Tracaco 85 to access \$1.85, subject to steel price adj. only		
Company #	400,000	Other	T85	PMR	\$1,838	\$9,280	\$1,890	\$8,080	3.22%	0.30%	3.52%	\$1.88	\$8.26	\$2.18									499 B12	Exp-12	Using Tracaco 85 to access \$1.85, subject to steel price adj. only		
Florida Pipeline Segment: FGT 16 to PCC/PMR Alternatives																											
Company #	490,000	Other	FGT 16	PCC/PMR	\$9,740		\$8,740	\$8,080	1.12%		1.12%	\$8.74	\$8.18	\$8.84									490 B12	Exp-12	Subject to steel price adjustment only		
Company #	490,000	Other	FGT 16	PCC/PMR	\$9,690		\$8,690	\$8,080	1.12%		1.12%	\$8.81	\$8.18	\$8.75									490 B12	Exp-12	Subject to steel price adjustment only		
Access to Perryville Adder																											