

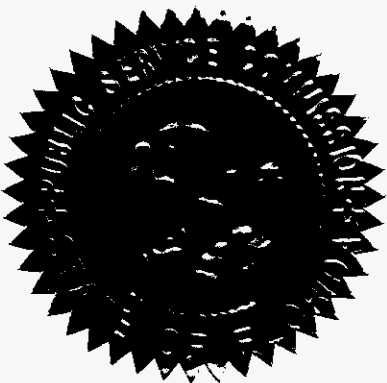
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 090451-EM

JOINT PETITION TO DETERMINE
NEED FOR GAINESVILLE RENEWABLE
ENERGY CENTER IN ALACHUA COUNTY,
BY GAINESVILLE REGIONAL UTILITIES
AND GAINESVILLE RENEWABLE ENERGY
CENTER, LLC.



PROCEEDINGS: GAINESVILLE PUBLIC HEARING

COMMISSIONERS
PARTICIPATING: COMMISSIONER LISA POLAK EDGAR
COMMISSIONER NATHAN A. SKOP
COMMISSIONER DAVID E. KLEMENT

DATE: Wednesday, December 9, 2009

TIME: Commenced at 6:03 p.m.
Concluded at 8:52 p.m.

PLACE: Gainesville City Hall
City Commission Auditorium
200 East University Avenue
Gainesville, Florida 32601

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

DOCUMENT NUMBER - DATE

11925 DEC 14 8

FPSC-COMMISSION OF PUBLIC

1 APPEARANCES:

2 RAYMOND O. MANASCO, JR., Gainesville Regional
3 Utilities and the City of Gainesville, Post Office Box
4 147117, Station A-138, Gainesville, Florida 32614-7117,
5 appearing on behalf of Gainesville Regional Utilities
6 and the City of Gainesville.

7 ROY C. YOUNG, ESQUIRE, and ROBERT SCHEFFEL
8 WRIGHT, ESQUIRE, and DAVID S. DEE, ESQUIRE, Young Law
9 Firm, 225 South Adams Street, Suite 200, Tallahassee,
10 Florida 32301, appearing on behalf of Gainesville
11 Regional Utilities and Gainesville Renewable Energy.

12 ERIK L. SAYLER, ESQUIRE, FPSC General
13 Counsel's Office, 2540 Shumard Oak Boulevard,
14 Tallahassee, Florida 32399-0850, appearing on behalf of
15 the Florida Public Service Commission Staff.

16

17

18

19

20

21

22

23

24

25

I N D E X

	PRESENTATIONS BY:	PAGE NO.
1		
2		
3	MAYOR PEGEEN HANRAHAN	12
	COMMISSIONER JOHN DONOVAN	22
4	COMMISSIONER WILLIAM THOMAS HAWKINS	30
	MAYOR PRO TEM SCHERWIN HENRY	33
5	ROBERT E. HUNZINGER	37
	COMMISSIONER LAUREN POE	47
6		
7		
	WITNESSES	
8		
	NAME:	
9		
	LEVIN GASTON	61
10		
	JEFF CURRY	63
11		
	ANGELA PATE	66
12		
	WALTER WILLARD	70
13		
	ANDREW WALMSLEY	74
14		
	RICHARD SELWACH	76
15		
	ROB BRINKMAN	79
16		
	BRYAN OLMERT	90
17		
	DIAN DEEVEY	91
18		
	TOM BUSSING	100
19		
	TOM CUNILIO	105
20		
	RUSS WEBER	112
21		
	DAVE BRUDERLY	116
22		
	MATT LANGHOLTZ	123
23		
24		
25	CERTIFICATE OF REPORTER	127

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

EXHIBITS

NUMBER:		ID.	ADMTD.
2	Environment Policy - Witness Selwach	79	
3	Comments - Witness Brinkman	90	
4	Testimony - Witness Deevey	99	
5	Comments - Witness Bussing	111	
6	Minutes RC&D Council - Witness Cunilio	112	

P R O C E E D I N G S

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

COMMISSIONER EDGAR: Good evening. Hello. My name is Lisa Edgar, and I'm a Commissioner here with the Public Service Commission. A few preliminaries and then we'll make further introductions.

If I could, I'd like to begin by asking our staff to read the notice, please.

MR. SAYLER: Pursuant to the notice issued by the Commission Clerk on November 20th, 2009, the time and place -- this time and place has been set for a public hearing in Gainesville in Docket Number 090451-EM, the joint petition to determine need for Gainesville Renewable Energy Center in Alachua County by the City -- by the Gainesville Regional Utilities and Gainesville Renewable Energy Center, LLC. The purpose of the public hearing is set forth in the notice.

COMMISSIONER EDGAR: Thank you. And let's take appearances from the attorneys representing the parties in this matter.

MR. WRIGHT: Good evening. My name is Schef Wright. I'm a 1971 graduate of the University of Florida, and I have the privilege to represent Gainesville Regional Utilities and Gainesville Renewable Energy Center, LLC, in this proceeding.

COMMISSIONER EDGAR: And let me make sure, can

1 the court reporter, did you get everything?

2 **THE COURT REPORTER:** Yes.

3 **COMMISSIONER EDGAR:** Okay.

4 **MR. WRIGHT:** Sorry. And also with me tonight
5 are Mr. Roy Young, one of the founding partners of our
6 law firm, Mr. David Dee, another partner in our law
7 firm, and --

8 **MR. MANASCO:** Mr. Raymond Manasco, Utilities
9 Attorney for the City of Gainesville.

10 **COMMISSIONER EDGAR:** Okay. If it doesn't
11 work, give me the sign. Okay.

12 And with our staff.

13 **MR. SAYLER:** Erik Sayler with Commission legal
14 staff.

15 **COMMISSIONER EDGAR:** Thank you. Again I would
16 like to welcome all of you on behalf of the Florida
17 Public Service Commission. Thank you so much for coming
18 out this evening to share your thoughts with us. Before
19 I go any further, I'd like to ask my colleagues to
20 please introduce themselves to you. To my left.

21 **COMMISSIONER SKOP:** Thank you. I'm
22 Commissioner Nathan Skop, also am a double Gator,
23 1991 and 2006 graduate of the University of Florida.
24 And I'm glad to see that we had such a large turnout
25 tonight. As a Commissioner with ties to Alachua County,

1 I specifically requested to hold this meeting in
2 Gainesville so that members of the community would not
3 have to travel to Tallahassee to be heard on this
4 important issue.

5 Just in closing, the proposed biomass plant is
6 a project of regional significance, and I look forward
7 to hearing your comments tonight. Thank you.

8 **COMMISSIONER EDGAR:** Thank you, Commissioner.

9 And to my right.

10 **COMMISSIONER KLEMENT:** Good evening. I'm
11 David Klement, the newest Commissioner on the Public
12 Service Commission. I began in late October. I don't
13 have allegiance to either of the two big universities,
14 rather the, the other university, the Bulls at USF. But
15 I'm glad to be here, and thank you for such a great
16 turnout.

17 **COMMISSIONER EDGAR:** Thank you, Commissioners.

18 I'd like to give a few brief comments about
19 the process of the, for the proceeding that we are here
20 to discuss and also the next steps after we leave here
21 this evening. And after I've done that, I'll talk a
22 little bit about the public testimony portion of the
23 evening. And then I believe that GRU has a brief
24 presentation, so then we will move to that, and then to
25 public comment.

1 So just to give you a little bit of an
2 overview, I hope that everyone saw out before you came
3 into this room at the front there are sign-up sheets.
4 When we get to the customer testimony portion here in a
5 little while we will be using those sign-up sheets to
6 call names, and we will call them in the order that you
7 have signed up. So if you did not see the sign-up sheet
8 and you would like to speak this evening, please take a
9 moment to step out and put your name on that sheet.

10 Also, I don't know if you saw at the, at the
11 same table in the front there are some basic general
12 information about the Commission, the Public Service
13 Commission, about our statutory authority, what we do.
14 There's also a blue sheet that has some more specific
15 information about this project as a whole. On the back
16 of that blue sheet there is a sheet that if for some
17 reason you chose not to speak this evening but wanted to
18 share some comments with us, with the full Commission,
19 you can write your comments on the back of that sheet,
20 and then -- just a moment, sir -- and then either hand
21 it to our staff or it can be mailed in. Those written
22 comments will become a portion of the official record
23 for this proceeding.

24 Also, if you know of people who wanted to
25 share some comments or might want to share some

1 comments, please take a stack with you, pass them out to
2 your friends and neighbors, or it's also available on
3 our website and can be printed out and sent in to us
4 that way. It's another opportunity for people to share
5 comments with the Commission as part of the record on
6 this case if they could not be here this evening.

7 A little, again, very brief overview about
8 where we are in the process. As Commissioner Skop has
9 mentioned, and I don't know if he said, but Commissioner
10 Skop is the Prehearing Officer on this case and was
11 instrumental in requesting that we have this proceeding
12 here. It is part of a larger proceeding. Next week, I
13 believe on the 16th, which is Wednesday, we will have
14 the evidentiary portion of the proceeding. That is
15 where the parties will present witnesses and evidence
16 that will become the official record for this case. At
17 the beginning of that proceeding there will also, excuse
18 me, be an opportunity for customers, for interested
19 persons to make general comments to the Commission as
20 part of this docket.

21 In order to make the determination for the
22 need request that has been requested by GRU and by the
23 Gainesville Renewable Energy Center, we have specific
24 statutory criteria that we are to examine as part of our
25 proceedings. They include the need for this facility

1 for electric system reliability and integrity, the need
2 for fuel diversity and supply reliability, the need for
3 adequate electricity at a reasonable cost, and whether
4 other technologies and conservation measures have also
5 been utilized as reasonable.

6 By law, by our statutory authority, only the
7 issues relating to the need for the proposed plant are a
8 part of our proceedings. Separate public hearings are
9 held on other issues by other entities that are a part
10 of the larger siting process.

11 As I've mentioned, these proceedings are
12 basically divided into two portions, the customer
13 testimony, and then also the party evidentiary portion
14 which will take place on Wednesday.

15 Before we move into that, I will ask all of
16 you who intend to speak to us to stand up as a group and
17 I will swear you in, and that is again because your
18 comments are part of the official record of this
19 proceeding. When your name is called to speak to us, I
20 would ask that you come to the podium. We have a court
21 reporter here who is recording and transcribing
22 everything that is said as part of the record. It's
23 helpful to her to be able to hear from the microphone
24 and for the tapes of the proceeding. And if you could
25 also tell us your name, spell your name, if it is at all

1 unusual, so that we can get the accurate spelling, and
2 also if you would tell us if you are a GRU customer.
3 That's all information that's very helpful to us.

4 Now we will go ahead and move ahead into the
5 next portion. My understanding is that -- yes, sir.

6 **MR. SELWACH:** Madam Commissioner, my name is
7 Richard Selwach, and I was -- S-E-L-W-A-C-H -- and I was
8 wondering if before we started this meeting if we were
9 going to do the Pledge of Allegiance.

10 **COMMISSIONER EDGAR:** No, that is not my
11 intention, but thank you for asking.

12 Okay. I believe that GRU has a presentation
13 that's going to give us a more detailed overview of the
14 project. And in order to start us off there, I would
15 like to welcome and introduce the Mayor of Gainesville,
16 Mayor Hanrahan. Welcome. Thank you for joining us.
17 And I do understand that there are also a good group of
18 Commissioners that are here with you as well.
19 Commissioner Donovan, if you would, thank you.
20 Commissioner Hawkins, hello. Commissioner Henry.

21 **MAYOR PRO TEM HENRY:** Hi.

22 **COMMISSIONER EDGAR:** Good evening.

23 Commissioner Poe.

24 **COMMISSIONER POE:** Hi.

25 **COMMISSIONER EDGAR:** Good evening. Thank you

1 all for joining us. I know we look forward to your
2 comments.

3 Mayor, could you please start us off?

4 **MAYOR HANRAHAN:** Very good. Thank you so
5 much, Commissioner Edgar, Madam Chair, and Commissioner
6 Skop and Commissioner Klement first of all for your
7 service. We know that your mission in life at this time
8 is really to represent the interests of the customer and
9 to make sure that their interests are protected, and we
10 realize that's a difficult job, that it's a challenging
11 job, and we're appreciative for that work that you do.

12 I also want to especially commend you for
13 choosing to hold this hearing here in Gainesville for
14 selfish reasons and for community reasons. The selfish
15 reason is that I had originally intended to be in
16 Tallahassee next week for your hearing, but was invited
17 to attend the climate meetings in Copenhagen and so will
18 be doing that instead and participating on a, on a panel
19 that the White House has put together on local
20 government actions to address climate change.

21 The community reason is of course that this is
22 a critical decision for all of our customers. And as
23 you'll hear, we have had a substantial amount of
24 community input, but we certainly never shy away from
25 community input here in Gainesville, as I think you've

1 probably already experienced to some degree, and we
2 think this is the right thing to do. So we thank you
3 for that certainly.

4 I will also share my regrets for two of our
5 elected officials. Commissioner Jeanna Mastrodicasa is
6 Assistant Dean at the University of Florida and she is
7 teaching this evening, and Commissioner Craig Lowe had a
8 family obligation. But we are unanimous in our belief
9 that this plant is the right decision for Gainesville at
10 this time, and they do send their regrets.

11 So if it's okay, I will go ahead and get
12 started. And, again, just because I do have an
13 extraordinarily challenging name, my name is Pegeen
14 Hanrahan, P-E-G-E-E-N, and the last name is
15 H-A-N-R-A-H-A-N. I am in my 12th year of elective
16 service with the City of Gainesville, my sixth as Mayor
17 of Gainesville, and I am also a Registered Professional
18 Engineer in the field of environmental engineering.

19 This is our existing Deerhaven Power Plant,
20 which is, of course, the site that we are proposing for
21 the Gainesville Renewable Energy Center.

22 And I'm really going to start just by framing
23 this -- and Commissioner Skop was actually here in
24 Gainesville and certainly an active citizen and
25 respected voice on energy issues while he was here, so

1 some of this will be walking down Memory Lane for him.

2 But we have had a great deal of community
3 dialogue around energy issues in general, which I'm sure
4 you're going to hear a great deal about this evening.
5 And really just to frame the issue, when I was elected
6 Mayor in 2004 after six prior years of Commission
7 service, there was a very challenging and difficult
8 debate going on with respect to our city's future energy
9 needs. And, in fact, the utility staff under the
10 previous Utility General Manager had recommended a very
11 substantial new coal plant, and it was, really when I
12 was elected it was essentially a three to four vote. It
13 was sort of a back and forth, very difficult, there were
14 factions in the community, it was a substantial
15 electoral issue not just in my election but in at least
16 the subsequent election in '05. And my goal at that
17 time was really to get to what I kept describing as a
18 stable solution: Let's work through this, let's go
19 through the process we need to go through to come to
20 something that a broad consensus can be built, not just
21 among elected officials, although that's obviously
22 critical, but also among the citizens who we serve and
23 the customers of our utility.

24 At that time we did go through deep analysis
25 and we came up with a primary focus which I know has

1 also been a focus of the Public Service Commission to
2 your great credit and to, also to the credit of Governor
3 Crist, I believe, to focus on energy conservation first.
4 And I believe you will hear about some of our new and
5 very successful energy conservation measures that we
6 have adopted, but secondarily to also focus on renewable
7 energy sources. And you may have, have heard through
8 your work that we are the home of the nation's first
9 solar feed in tariff, which is an extraordinarily bad
10 name for what it is. We prefer to refer to it sometimes
11 as renewable energy contracts, and have had
12 extraordinary success and a real growth in our solar
13 industry here, which is of course exciting in this
14 challenging economic time.

15 But we've also really focused maybe much more
16 substantially on things like HVAC improvements,
17 replacing commercial equipment. We have a wonderful
18 program for the business community that they've very
19 deeply embraced, insulation, lighting, all of those
20 things, which are quick and easy to do, keep people at
21 work, and save the critical resources that we know that
22 you and our community are all concerned about, as well
23 as bringing down folks' bill. So that was really the
24 primary thing on energy conservation, energy efficiency.

25 With respect to renewable energy, we looked at

1 the various different options. And we really looked not
2 just at the energy supply issues but also at what we
3 might describe as some of the other critical issues
4 including job creation. This is actually a very
5 forestry rich area, as I believe you may hear more about
6 this evening, and we worked with IFAS and the local
7 forestry industry to really look deeply at what the
8 implications were for our workforce.

9 In addition, we looked at environmental
10 concerns, which I know you're going to take some
11 interest in. And we of course as one of the primary
12 issues looked at the bill impact and how this might
13 compare to the other alternatives.

14 We also -- and we were to a great extent I
15 would describe a little ahead of the curve because
16 Governor Crist had not yet been elected and taken on
17 this issue on behalf of our state, and obviously there
18 was different leadership in Washington, but Gainesville
19 has for many, many years, going back to the late '90s,
20 been focused on what we can do to address the broader
21 issue of climate change. And we continue to believe
22 that that's the right thing to do not just from the
23 environmental perspective but again from a perspective
24 of job creation and looking out for the long-term
25 economic benefit of our community.

1 Our staff also looked deeply at the other
2 components of the bill, the fuel components, what we
3 know about the volatility of natural gas in particular,
4 but in recent years also with respect to coal, and we
5 started to become concerned, as did, for example, our
6 rating agencies, about how pending legislation, whether
7 it be with respect to carbon or whether it be with
8 respect to renewable energy, which again we've been very
9 supportive for and have advocated for in Tallahassee,
10 but these are things that a utility that has a very
11 heavy predominance on coal needs to be conscious of and
12 thinking about and planning for as we look into the
13 future.

14 We do need to replace generation capacity, as
15 you're going to see. We have some older units that are
16 reaching their design lifetime. And in addition, many
17 of the options that we looked at, in fact we looked
18 deeply at IGCC, the carbon capture coal technology, and
19 really found that for a utility our size and given the
20 state of that technology, it was essentially beyond our
21 reach.

22 So our business case for moving forward with
23 this particular project is to stabilize our long-term
24 costs and to really focus again on how to keep those
25 dollars with respect to fuel local, how to keep people

1 working within our area, and to retain the forest
2 resources that we have in this community which we
3 believe are critical to our water quality, our water
4 quantity and our quality of life as well.

5 Again, you'll hear about our carbon emission
6 focus and the fact that we, we believe we are on track
7 to reduce our emissions substantially through this plant
8 and to also focus on reducing air pollution. Much of
9 the material that will serve this plant is either
10 currently burned in the field or decomposes in the
11 field, and certainly that has implications as well.

12 We always focus on being competitive relative
13 to our other utilities, and, again, we're focused on how
14 we can be ready for the regulations that will come down
15 whether through action by the EPA or action by Congress,
16 but we do believe that there will be action one way or
17 the other.

18 So the overview is that it would be
19 100 megawatts of net new power at the Deerhaven site.
20 Again, the Deerhaven site has been in operation for many
21 decades. It has been a workhorse plant for us and it is
22 a zero surface water discharge plant, and we are
23 actually in the final stages of upgrading the pollution
24 control equipment on that for the CAIR and CAMR rules,
25 which I think turned out to be about a \$140 million

1 project. Again, it's using clean woody material. Any
2 ash will be 100 percent recycled.

3 We have for strategic business reasons focused
4 not on logging this as debt on our books or for taking a
5 full responsibility but by hedging our risk by working
6 with a private corporation through a pay-for-performance
7 contract. And our intent is, and our contract is to
8 have a 30-year fixed pricing except for fuel and to work
9 with American Renewables that has done similar work, for
10 example, in Austin, Texas, and they have established a
11 new corporation, the Gainesville Renewable Energy
12 Center, LLC.

13 We have opted to retain 100 percent of the
14 output of that plant, which is certainly more than we
15 will initially need. Our intent is to sell 50 megawatts
16 for the first ten years to third parties on a
17 competitive basis.

18 Just to touch a little bit more on our climate
19 goals, back in 2005 the City of Gainesville was, became
20 a signatory again on a unanimous vote of the City
21 Commission to the U.S. Conference of Mayors Climate
22 Protection Agreement. There are now about a thousand
23 mayors throughout the U.S. who have signed that,
24 including, I believe, about 80 in Florida. Not all the
25 suspects you might suspect, in fact, because we are a

1 state that is particularly vulnerable in the event of a
2 carbon-constrained world.

3 We do believe that each community acting can
4 make a substantial difference. And this is the point at
5 which I always say, having grown up in the '60s and '70s
6 and having become an engineer, if we can't figure out
7 how to address this problem in the United States of
8 America, then who can? So I feel very confident about
9 moving forward addressing this problem and, again,
10 improving our economic environment through which to do
11 that. Again, our focus is to keep those dollars local
12 and to put our own folks to work.

13 Again, it was a little bit -- we were working
14 on this project a little ahead of the focus and
15 attention and leadership that our Governor has brought
16 to this. But as certainly you all are aware as, as
17 folks who work hand in glove with the Governor's Office
18 that he has focused on, for example, making coal less of
19 a reliance here in the State of Florida. He has worked
20 with his Department of Environmental Protection to
21 develop greenhouse gas limits for utilities and has
22 advocated, we think again correctly, for a renewable
23 portfolio standard, and he created the Florida Climate
24 Change Action Team, which several of our staff members
25 served in some capacity on. I served on one of the

1 technical working groups. And I was -- in this lovely
2 photo that I keep on my desk, I look extraordinarily
3 pale next to him, I must say -- I was one of a handful
4 of invited speakers from the local government
5 perspective at his last Climate Change Summit. So we
6 feel as if through this project we are trying to
7 implement the vision that we think he has again
8 correctly put forth for the State of Florida.

9 I will just mention that two of our senior
10 managers, Ed Regan and Kathy Viehe, also served in a
11 capacity on the Governor's Climate Change Teams.

12 So just to get to a little bit with respect to
13 why this is under regulatory guidance considered a
14 beneficial plant with respect to greenhouse gases,
15 biomass would, as I indicated earlier, otherwise rot
16 and/or be burned, and so that CO₂ or CH₃ would be
17 discharged regardless. Methane is in fact 23 times more
18 powerful as a greenhouse gas than CO₂ and already part
19 of the atmospheric cycle.

20 Biomass also again avoids fossil fuel use,
21 reduces methane, and is obviously available not just
22 domestically but here in the State of Florida, and it is
23 internationally accepted as being a carbon neutral fuel
24 or better. This is recognized by multiple regulatory
25 agencies, including the IPC -- and scientific agencies

1 including the IPCC, the UN Framework Convention, the
2 Climate Registry, the EPA and RGGI, the greenhouse gas
3 initiative.

4 The CO2 from diesel fuel that will be used to
5 collect the biomass, we have done that analysis as well,
6 and that is a relatively small portion of the overall
7 generation impact with respect to comparing it to the
8 other alternatives.

9 At this time it's my pleasure to introduce
10 Commissioner Jack Donovan, who is going to take you
11 through the extensive community involvement process that
12 we undertook to come to this decision. Commissioner
13 Donovan.

14 **COMMISSIONER DONOVAN:** Thank you, Madam Mayor.

15 Good evening. Thank you so much for coming
16 down to visit us, Commissioners. I really appreciate
17 that. It makes it much easier for our citizens to be
18 here and participate. It's a real pleasure to appear
19 before you and get to share the excitement that I think
20 we've all experienced in town as we've made, I think,
21 some considerable strides forward in developing an
22 energy policy for our local community. It's been a lot
23 of work by a lot of people, but it's also been exciting
24 and fun.

25 Perhaps foremost in us getting to a position

1 we're pretty proud of right now has been the citizen
2 input that's taken place since 2002 or really earlier.
3 We've -- because of the university and the kind of
4 community that we have around the university, we have
5 some tremendous intellects and some very passionate
6 people, and they have constantly educated all of us, I
7 think, and very effectively so. On top of that, our
8 voters in town are also the owners of our utility, so it
9 makes them doubly potent.

10 We've gone through an extensive public
11 participation process in planning for our energy needs.
12 As I said, it began maybe officially in 2002 when we
13 were expecting that our demand would be exceeding our
14 local supply by around 2011, 2013. We were thinking
15 strongly of using, of building a coal power plant, I
16 think trending very strongly in that direction at least
17 here on the Commission, with some voices being raised
18 against that. And then a local advisory board, the
19 Environmental Protection Advisory Committee, issued a
20 report and really challenged our thinking on that, and
21 we started paying attention because it was such a
22 professional report. Many meetings have followed, 37
23 televised meetings, as somebody noted, dozens of
24 workshops held by the Commission and by our staff.

25 (Interruption.)

1 What? I'm sorry. What? Oh, I'm not paying
2 attention to that. Thank you.

3 The, the Gainesville Sun has paid a
4 considerable amount of attention to the issues that
5 we're facing, and that has been very helpful to educate
6 and stir up interest in the local population.

7 The -- we've made really every effort to not
8 just keep people informed but to encourage them to
9 contribute their, their thinking, and that has really
10 proved effective. And we've provided notices on our, of
11 our studies on our websites and sent out notices about
12 our potential rate effects. That went out to all 93,000
13 of our customers. They generated, those notices
14 generated a lot of conversation. People were concerned
15 that the rates would have a negative effect on their
16 lives, especially for the lower income members of our
17 con -- of our community. I said congregation. I'm a
18 local minister. Excuse me. I sort of went into that.
19 Oh, by the way, besides being a local minister, I also
20 have a background in economic and community development
21 and have my, a degree from the Kennedy School where I
22 understand Commissioner Edgar spent some time. I hope
23 you enjoyed our Boston Cambridge community.

24 **COMMISSIONER EDGAR:** I did.

25 **COMMISSIONER DONOVAN:** The, the -- but the --

1 our analysis of why choose a wood burning power plant
2 was so, I think, effective that the citizenry has
3 generally been very supportive of that and very
4 participatory in trying to make that a better process.
5 I'll say a word about that in a minute.

6 The mayor mentioned the resolution that we
7 passed regarding greenhouse gases and carbon emissions
8 relative to the Kyoto Protocol. We have made a number
9 of trips to try and educate ourselves. Commissioners
10 along with staff members went to Austin and Sacramento
11 to see their systems. A number of us, including me, got
12 to go up to Long Island and to Burlington, Vermont. We
13 saw in Long Island what an ill-timed, perhaps you could
14 say, decision about energy supply could do, cause great
15 cost to a local population. And we saw what some
16 really, whether it was wise or fortuitous planning on
17 the part of Burlington with its wood burning power
18 plant, how effectively that had served that community
19 and the environment there. That was sort of a special
20 surprise to see how their forest management practices
21 had evolved and proved quite positive.

22 We had been using a method of testing for our
23 conservation programs that were, you know, rate based to
24 try and make sure that there was no increase in the
25 rates. We switched over to the total resource cost test

1 because we knew there were externalities that we still
2 paid as a community, and we feel that in analyzing the
3 conservation practices we have subsequently adopted,
4 that test has proved very effective for us. It's really
5 given us a head start on, on many effective conservation
6 and energy efficiency programs and also gave us a much
7 better sense of demand management in general.

8 We did hire, back when we were considering the
9 coal power plant, a rather expensive consultant. They
10 gave us a thorough report, but we found lots of things
11 to challenge in it, including their views of how our
12 demand locally would increase over time. I think our
13 challenges were effective. We also hired a peer review
14 kind of consultant to look at their analysis and found
15 that our own feeling was, was pretty well-grounded. It
16 was in part intuitive, it was in part well-educated, and
17 I think it's proved on target.

18 We did decide to go with a biomass plant. We
19 debated between 50 and 100 megawatts. We decided our
20 long-term need was for the 100 megawatts. I expected
21 that we would own that plant, and I was surprised when I
22 saw the analysis for a purchased power agreement kind of
23 initiative and I was convinced that that was the way to
24 go. It minimized our risks and our need for upfront
25 capital investment and it seemed to provide us with the

1 long-term solution to our energy supply that we needed.

2 We did put out a competitive solicitation.
3 That was an exciting process seeing the different
4 responses we got and the variety of ideas people had.
5 We did select American Renewables, which was previously
6 called Nacogdoches. It had been working already with
7 Austin Energy. And we had considerable admiration for
8 the analytical skills in the Austin staff, so we were
9 encouraged by that. And then we did in the spring of
10 this year sign a, approve the contract with them.

11 Let's see. Just to move ahead to our energy
12 plan, we have been very effective in, I believe at
13 least, in reducing our carbon emissions. We have, as I
14 mentioned already, been emphasizing energy efficiency
15 from the start, spending a lot of time communicating
16 with citizens about what we were doing and what they
17 could do to help promote that process of energy
18 efficiency. The response has really been very, very
19 positive.

20 We have many more things that we can do and
21 that we are working on. Just one that is one of my
22 favorites is our weatherization program. We have
23 involved all sorts of different groups from our
24 community. There's a young woman who graduated from our
25 School of Construction a number of years ago who started

1 a group called Rebuild Gainesville, which is now called
2 Rebuilding Together, that organizes volunteers to
3 renovate homes of lower income people especially with an
4 eye toward energy efficiency. And they, that group plus
5 a number of other groups have been very important to our
6 efforts to help people become energy efficient and be
7 able to -- you know, there's a component of affordable
8 housing we're concerned about, and that is the utility
9 costs which often were more than what people were paying
10 for rent.

11 We also were very interested in our planning
12 in renewable energy. You've already heard the mayor
13 talk about our photovoltaic program and that we've
14 really been encouraging that through a number of rebates
15 initially and then through our feed in tariff program.
16 And what we're here to talk about tonight of course is
17 the biomass plant, all of which is part of the fuel
18 diversity goal that we have, that we don't rely on just
19 one or two sources of energy. In time, who knows? We
20 may be able to add more as we tap into the ocean
21 currents and other forms of energy.

22 We have tried to capture the variety of
23 financial incentives for renewable energy that are
24 available that our purchase, power purchase agreement is
25 going to allow us to have the benefits of property taxes

1 from, from this third party producing the energy. We
2 feel like our local feed in tariff is a financial
3 incentive for our local population and we've certainly
4 seen a great response to that. And we believe our
5 long-term contract for the renewable energy center is
6 going to be an effective means for us to control costs
7 and to move in a healthy way into the future.

8 We've tried to make sure we are hedging some
9 of our risks. We don't know what is coming down the
10 pike from the federal government in terms of
11 regulations, but it certainly does look like greenhouse
12 gas regulations are going to be put in place, and we
13 think we're becoming very well protected from negative
14 impact there. We are trying to expand our portfolio of
15 energy technologies with a special emphasis on the
16 renewable.

17 We also, as I mentioned earlier, that we think
18 our, our contract is going to have a long-run benefit
19 for us in terms of minimizing the costs for
20 construction, for operation and maintenance.

21 Now I'll just say very briefly in conclusion,
22 our staff, the team at GRU that runs our power plants
23 now has been amazingly effective. We have had
24 consistent high quality delivery of our energy needs as
25 well as our other utilities. But I think this moves us

1 into a new, a new age here in Gainesville, and I think
2 we will have a very positive outcome. Thank you so much
3 for your time and attention. We look forward to the
4 next step.

5 And I think Commissioner Hawkins is our next
6 presenter.

7 **COMMISSIONER EDGAR:** Thank you, Commissioner.

8 **COMMISSIONER HAWKINS:** Good evening. My name
9 is Thomas Hawkins. I'm a Gainesville City Commissioner
10 and a GRU ratepayer, and very much appreciate you being
11 here in Gainesville and taking the, giving us the
12 opportunity to speak with you this evening.

13 I'm going to speak very briefly on GRU's
14 energy efficiency programs and begin by noting that GRU
15 ratepayers have the lowest electrical use per customer
16 of any generating utility in Florida. And I think one
17 thing that does benefit us in that regard is our housing
18 mix. We do have a fair amount of multifamily housing
19 but have a very similar ratio in that regard to
20 Tallahassee and the City of Orlando.

21 We have a wide range of -- our rebates embrace
22 a wide range of retrofit technologies, and we also
23 have -- our loss in transmission and distribution is
24 approximately 4.5 percent. And so the efficiency of our
25 distribution system is something that we as a community

1 are also very proud of.

2 This slide presents sort of the breadth of our
3 rebate programs. And rather than go into detail on all
4 of them, I'd just like to pay particular attention to
5 number 12 on this list, which is our Energy Efficiency
6 for Low-Income Households Program. And the reason I'd
7 like to give particular attention to it is because it's
8 something the Commission is proud of in that it not only
9 focuses on energy efficiency, but also addresses one of
10 the Commission's other goals, which is social equity.
11 We find, and Commissioner Donovan touched on this, but
12 we find that often low income individuals who live in
13 older homes are not only the individuals who are least
14 well positioned to make a capital investment to improve
15 the energy efficiency of their appliances and their
16 home, but they're also, because of the age of their home
17 and their appliances, paying some of the highest utility
18 rates. So this is a program that we've used to target
19 older homes, lower income individuals that also happen
20 to be the least efficient, and it's something that we've
21 supported not just by pursuing grants from other
22 governments but also very aggressively through our own
23 funding.

24 In addition to our residential conservation
25 programs we have a wide range of commercial and supply

1 side conservation programs. Two things that I'd
2 specifically like to mention here. With regard to our
3 custom business energy efficiency retrofit rebates, we
4 have a strong relationship not just with businesses and
5 other commercial entities in the community, but also
6 with other governments. And we've given approximately
7 \$200,000 in rebates to various facilities owned by the
8 School Board of Alachua County.

9 And also regarding number six on this list
10 which makes reference to the South Energy Center, this
11 is the newest power plant that Gainesville Regional
12 Utilities has built that is adjacent to a new Shands
13 hospital, and by providing steam and chilled water to
14 that hospital achieved 75 percent efficiency. That's
15 another thing that we're extremely proud of.

16 And I'd like to conclude by saying a little
17 bit about what GRU and GRU's ratepayers receive in
18 exchange for our investment in conservation. The center
19 column of the slide shows a per year energy reduction in
20 2008 and then projected for 2014 and 2019 in megawatt
21 hours per year as a result of our investment in
22 conservation. And then what's even more impressive is
23 the right-hand column here shows the, the total
24 cumulative reduction in peak hour demand as a result of
25 those investments.

1 To place these numbers in context, our, our
2 peak demand is typically 480 megawatts. So the fact
3 that we're able to achieve cumulative reductions in
4 projected demand by 2019 of 82 megawatts is something
5 that we're extremely proud of.

6 Again, thank you for your time, and I would
7 like to hand the baton over to our Mayor Pro Tem and
8 Commissioner Scherwin Henry.

9 **MAYOR PRO TEM HENRY:** I'd like to say good
10 evening, Commissioners. Again, my name is Scherwin,
11 that's spelled S as in Sam, C as in Charles,
12 H-E-R-W-I-N, L middle initial, Henry, H-E-N-R-Y. And as
13 was stated, I am the Mayor Pro Tem, but also the
14 Gainesville City Commissioner from District 1. And,
15 again, let me welcome you once again for being here.
16 And I am going to share with you why we will need the
17 capacity that the biomass plant will produce.

18 Okay. Okay. First of all, we have an aging
19 generation fleet that will require replacement and this
20 requires we take a long-term view in our planning. More
21 than two-thirds of our existing generation resources are
22 more than 28 years old. Baseload facilities have long
23 regulatory and construction lead times. The question is
24 asked why is biomass the correct choice or the right
25 choice for GRU? Well, first of all, coal and natural

1 gas are GRU's major fuel sources, and prices on these
2 fossil fuels are expected to increase in the future.
3 Continued reliance on coal and natural gas also puts GRU
4 at risk due to proposed carbon and renewable portfolio
5 regulations at the state and federal level.

6 Biomass is a renewable carbon neutral, neutral
7 energy source. So when GRU begins using this energy in
8 late 2013, 21 percent of the utility's fuel supply will
9 be renewable. This will allow Gainesville to be well
10 positioned in the face of regulations and to achieve the
11 city's carbon reduction goals which are based on the
12 Kyoto Protocol. This allows GRU to first of all
13 diversify its fuel sources, and again it also positions
14 GRU for possible carbon legislation.

15 The graph that you have here, I will make some
16 points about it. First of all, the brown area there
17 represents our baseload capacity which basically is
18 handled by Deerhaven 2. Deerhaven 2 supplies about
19 50 percent of our power. The blue area is our
20 intermediate capacity, and that is powered by both
21 Deerhaven 1 and our Murphree power generation, and both
22 coal and natural gas is used there as well.

23 The red also represents our peak use. The
24 line here represents our demand, and above that is our
25 reserve margin. I think it's important to note that the

1 black columns here that you see represents our purchase
2 power agreement with Florida Power -- I'm sorry -- our
3 Progress Energy power group purchase agreement. I'm
4 sorry. But also what's important to note is at the time
5 that the biomass plant will come online that power
6 purchase agreement will not exist. And as you notice,
7 the demand line continues to rise, our reserves continue
8 to decrease, and I think that's very important to note
9 as well.

10 Also building ahead of the year that load
11 exceeds reserve margin criterion is justified based on
12 fuel cost savings, regulatory hedge value and meeting
13 our policy requirements. The recent economic slowdown
14 has provided a unique opportunity along with the
15 stimulus program which provides also tax credits.
16 Timing is good to construct renewable projects even
17 while the traditional generation of nuclear and coal
18 experience rapidly increase in capital costs due to
19 environmental and safety regulated issues. It is
20 important also to keep in mind that coal is not an
21 option in Florida.

22 Let us move to the next slide. As the biomass
23 plant comes online, it is to provide capacity through
24 2032. And, again, as we look at the graph here as well,
25 as you look, as the biomass comes online and as our

1 agreement, our power purchase agreement disappears, the
2 plant will start out supplying about 50 megawatts of
3 power. And as you see at 2024, it will be increased to
4 100 megawatts. But what's important to observe here is
5 that again our reserves continue to decrease as our
6 demand increases as well, and it's very important that
7 that point is reiterated. Because even, as we've said,
8 the contract will be for 30 years, but even as you look
9 at 2032, we will again just be meeting demand there as
10 well.

11 The fuel cost of the biomass plant is less
12 than coal and the plant is designed to be a highly
13 reliable baseload unit. And I reiterate that point
14 keeping in mind again that two-thirds of our existing
15 generation resources are more than 28 years old. By the
16 time, also by the time the biomass plant comes online
17 our Deerhaven 2 will actually be 32 years old. And so
18 that -- again, our generation resources will be ever
19 more older.

20 The biomass facility has an incremental
21 dispatch cost less than coal and natural gas. It will
22 be a baseload facility with an expected availability
23 factor of 90 percent. The biomass plant timing matches
24 future capacity needs. It provides fuel diversity and
25 is the economic match with existing resources. The

1 fixed long-term pricing provides a physical hedge versus
2 existing fossil fuel generation and alternatives. And
3 also please keep in mind that at the end of the contract
4 we do have a buyout option.

5 And in conclusion, the Division of Forestry
6 tells us that 40 to 60 percent of the material we will
7 burn in a controlled setting would normally be openly
8 burned in the field, contributing to the particulate
9 matter and ozone in our region. Thank you so much for
10 allowing me to speak with you this evening.

11 **COMMISSIONER EDGAR:** Thank you.

12 Commissioner Skop, do you have a question?

13 **COMMISSIONER SKOP:** Yes. Thank you.

14 Commissioner Henry --

15 **MAYOR PRO TEM HENRY:** Yes.

16 **COMMISSIONER SKOP:** -- I had some, I guess,
17 technical questions regarding the charts on Page 20 and
18 21, but I'm happy to reserve those to Mr. Hunzinger, if
19 that would be appropriate.

20 **MAYOR PRO TEM HENRY:** Okay. Sure.

21 **COMMISSIONER SKOP:** Thank you.

22 **MAYOR PRO TEM HENRY:** And I would introduce
23 the general manager of GRU, Mr. Bob Hunzinger.

24 **COMMISSIONER EDGAR:** Thank you, Commissioner.

25 **MR. HUNZINGER:** Good evening, Commissioners.

1 In addition to all the welcomes you've got so far, I
2 would also like to welcome you on behalf of our 850
3 utility employees. We have five separate utilities
4 here, and that includes electric, water, wastewater,
5 natural gas and GRUCom, which is a fiber-optic and
6 broadband Internet-based business. So I would like to
7 welcome you here. I'd also like to welcome the PSC
8 staff, and thank you for your time and consideration of
9 this worthy project. I would also like to thank
10 Commissioner Skop for being one of our valuable customer
11 owners.

12 Now one of the many advantages of a municipal
13 utility is the local aspect so that our employees
14 actually live and work in the community, our customer
15 service and administrative functions are located here
16 and headquartered here, so this allows open public
17 access to utility staff and the many issues that our
18 Commissioners, who are our governing board, consider
19 such as a biomass plant and the related discussions. So
20 what I'm going to cover tonight is mainly three areas:
21 I'm going to talk about risk management, fuel and
22 project economics.

23 So on this slide we've structured the project
24 to participate in as many benefits, as has been
25 mentioned, while minimizing certain risks. For example,

1 ownership of the plant, this is a change from past GRU
2 policy. Typically in the past GRU has tried to own all
3 of its resources, but in this case third party
4 ownership, as has been mentioned, by purchasing the
5 output through a long-term contract allows the project
6 to take advantage of federal tax and grant benefits,
7 some through the stimulus package, that we as a
8 municipal utility, as a tax exempt entity could not take
9 advantage of. So overall that's beneficial for the
10 project.

11 Additionally, the long-term contract pricing
12 arrangement has fuel as the primary variable cost, and
13 so it will provide some cost certainty through time and
14 reduce volatility typically associated with various
15 fossil fuel alternatives.

16 Now some risks that we don't have associated
17 with this plant: We do not have the development risk,
18 we don't have the financing risk, as had been mentioned.
19 Right now we're a double A rated utility by both
20 Standard & Poor's and Moody's. We're one of probably 15
21 or 20 municipal utilities in the country to have that
22 rating. We're very happy and proud to have that. We
23 will not have the construction risk nor the startup
24 risk. Certainly the fuel procurement risk falls to the
25 GREC, LLC. And at this time we do not have any O&M risk

1 and we have no payments due or obligations until the
2 unit becomes operational.

3 For the next few slides I want to talk just
4 briefly about the fuel supply. This is a sustainable
5 fuel supply and it has strict standards. At a minimum
6 it's going to meet State of Florida best management
7 practices, plus we also have incentive payments for the
8 more stringent and defined certification programs, of
9 which there are two presently. And Commissioner Donovan
10 mentioned the, a lot of public input on many aspects of
11 this. One other aspect is through the utilities
12 committee, the Forest Stewardship Group, as he
13 mentioned, had individuals from UF, the forestry
14 industry, the state Division of Forestry, other local
15 experts and interested parties. They spent over a year
16 developing these stewardship guidelines, and we will
17 actually pay incentive pricing if growers and landowners
18 that provide some of the wood meet these criteria.

19 The fuel price model is anticipated to be a
20 combination of many different contracts with flexible
21 supply options and quantities. So they'll have the
22 ability to mix and match contracts with various growers
23 and suppliers. It will provide some stable pricing. A
24 high percentage of the fuel contracts will be indexed to
25 the CPI, primarily the labor portion. Only a small part

1 will be related to the diesel, which is a little more
2 volatile, to gather the material and deliver it to the
3 plant. And also the fuel contracts have a built-in
4 incentive to optimize fuel costs through a gain/loss
5 formula that's reset annually. So there's a, there's a
6 gain sharing program.

7 Real briefly, this graph is, at the far left
8 is the year 2000. It's set up one and it goes through
9 the decade that we're currently in, and what it's trying
10 to show is the volatility of various fuels over that
11 period. So, for example, the dashed blue line is
12 natural gas, diesel is the brown line, coal is the
13 dashed line that's right above the green line. The
14 green line represents CPI. So as you can see, a
15 contract indexed to CPI has much less volatility than
16 the other fuels, especially the fossil fuels. One other
17 thing to note on that graph is that coal has been
18 increasing in the past three to four years.

19 Just to give you an example of some of our
20 fuel sources that will go into the plant, the primary
21 sources are forestry residues, the urban wood residue
22 and opportunity fuels -- for example, if storms would
23 happen to go through. Certainly we're not asking for
24 any of that to happen, but that is an opportunity fuel,
25 and other miscellaneous items.

1 The fuel procurement area is expected to be a
2 radius of about 75 miles around Gainesville. We've
3 divided it up into quadrants. It'll come from -- we
4 expect it to come from all parts, so from a 360-degree
5 radius. Certainly not in any particular direction, so
6 logistically it'll be trucked in since there's no
7 central gathering point.

8 You might recall last year about this time
9 Navigant completed a study for the PSC and the
10 Governor's Energy Office. One of the items in that
11 study was biomass was mentioned as a likely renewable
12 fuel in the State of Florida, especially in this region,
13 in North Central Florida. And I was looking at that
14 report this morning. The amounts range from a minimum
15 of around 400 megawatts depending on what scenarios you
16 looked at to over a thousand megawatts potential, and
17 this plant, of course, is about 100 megawatts.

18 We feel it's an advantage to be first in the
19 fuel market for biomass in a particular area. And I
20 would like to mention briefly traffic studies. The ones
21 that have been done so far in the roads around the plant
22 itself have shown a de minimis effect or level of
23 service impact on the existing roadways. That's going
24 to be continued to be looked at. And as Commissioner
25 Edgar noted, that topic is not germane to the PSC issue,

1 but it is handled under the site certification
2 application, and that was filed November 30th by a grant
3 with the Florida Department of Environmental Protection.
4 So that's beginning that process also.

5 So briefly let's talk about some of the risks
6 that we do retain. We retain the timing and content of
7 any carbon legislation that may come about. Certainly
8 any regulatory or approval delays that could jeopardize
9 any of the federal tax credits that might go to the
10 project. Also one risk that we have, it's been
11 mentioned by many that we plan on selling about
12 50 megawatts of the plant output for the initial
13 ten-year period. So one risk we have is what price we
14 could receive for that sale during that time. However,
15 we believe that a baseload unit is a valuable resource.
16 There is a lot, a lot of interest already been expressed
17 in Florida by other utilities. And that any renewable
18 portfolio standard or carbon legislation will greatly
19 enhance the value of that energy, and depending on
20 regulation, whatever happens within the next three or
21 four years, it may be beneficial for us to retain all of
22 that. So we'll just have to see how that plays out.

23 My last three slides I just want to briefly
24 talk about some of the economics related to the project,
25 and what I'd like to focus on here is the base case,

1 which is in the middle there. And in 2014 that shows an
2 increase of a little over 4 percent for our customers.
3 This assumes that we can sell 50 megawatts out of the
4 plant during that period. And one of the staff
5 interrogatories that was suggested to be addressed at
6 this meeting questioned what would be the impact to
7 customers if the sale of that partial output did not
8 occur, and that GRU would receive zero value for that.
9 So we took a look at that. Now for a lot of reasons we
10 don't think that's necessarily plausible because we
11 believe the baseload is valuable in the interest of
12 other utilities and likely EPA action, which I'll talk
13 about in a minute. But if that were to occur, the 2014
14 impact to customers would be an additional 10 percent
15 incremental approximately in addition to the 4 percent,
16 and then of course it would taper out over time.

17 Now if you look at the 2019 numbers with the
18 base case, and that was a middle gas price forecast,
19 this was presented to the City Commission back on
20 May 7th, 2009. That was the day they approved the
21 contract with the biomass project. So in 2009 we're
22 basically saying that the effect on our customers is
23 even and from that point on we start to accrue the
24 benefits. So that's, that's what that slide is
25 indicating.

1 This is another way to look at that same
2 issue, and the top three lines are the high, middle and
3 low gas forecast. So the green diamond would be the
4 high gas forecast price, the middle orange diamonds
5 would be the middle gas price forecast, the yellow
6 circles would be the low gas price forecast for an
7 equivalent combined cycle comparison cost. So that's
8 what we're comparing here is the bottom line -- the
9 bottom two lines are the biomass project with and
10 without the federal tax credit, the 30 percent tax
11 credit grant through the stimulus package. The top
12 three are the gas price forecasts.

13 What I'd like to focus on is that, the diamond
14 line which we just saw in the prior slide, the base
15 forecast, the crossover point here is about year six.
16 So what that's saying is for the first six years the
17 project will cost slightly more than the next reasonable
18 alternative, which would be a combined cycle gas
19 turbine, and from that point on the benefits accrue.
20 And the difference between the gas lines that have a
21 slope that's increasing a lot versus the biomass plant,
22 which is effectively a fixed price contract except for
23 the fuel, that difference is the benefit to our
24 customers' or to the project.

25 And finally I have -- this is the last slide.

1 There was another information request, and this came
2 about through a staff interrogatory. I think it was
3 question 60. And what we're trying to show here is the
4 benefit or the advantage of the biomass plant as a hedge
5 against carbon regulation.

6 And I might note that, you probably read this
7 past Monday, the EPA just announced its endangerment
8 finding for carbon dioxide, which it designates that CO2
9 is a danger to public health and safety, which allows
10 the EPA to regulate it as a pollutant under the Clean
11 Air Act. Of course there's probably a lot of reasons
12 that that happened, but certainly the likelihood of
13 either carbon legislation or regulation has just taken a
14 step forward with that action by the EPA.

15 So in this chart what, if we concentrate on
16 the 2014 column, what that's showing is without the
17 biomass plant our customers could expect with federal
18 price forecasts for the cost of carbon by the Department
19 of Energy about a \$33 increase in the year 2014. With
20 the biomass plant we think that's about \$30 less. So
21 it's a ten-fold difference, a tremendous benefit for the
22 biomass plant. And in 2009 that gap widens even more,
23 and so that difference is \$54 with those same numbers.

24 So we would still have impacts due to any
25 carbon regulation or legislation because we do have

1 existing fossil fuel, primarily coal and natural gas,
2 but this plant would significantly reduce those impacts
3 to our customers.

4 So just to summarize my portion, as it was
5 mentioned, we were very careful to structure this
6 contract to try to minimize exposure and risk and to
7 maximize benefits of future carbon legislation that
8 would accrue to the utility, and that the project we
9 believe is viable over its life. And with that, I'm
10 going to turn it over, thank you very much again, and
11 turn it over to Commissioner Poe, who will wrap up the
12 presentation.

13 **COMMISSIONER EDGAR:** Commissioner Skop, do you
14 want to ask your questions?

15 **COMMISSIONER SKOP:** I think I'll reserve them
16 until the end of the presentation.

17 **COMMISSIONER EDGAR:** Okay. Thank you. We'll
18 go ahead and hear the end of the presentation, and I
19 know Mr. Hunzinger will stay close.

20 **COMMISSIONER POE:** Thank you, Madam Chair, and
21 thank you, Commissioners, for being here. As you all
22 know, energy is one of the great challenges of our
23 generation. It's dedication from Commissioners like you
24 that will help us move in that direction. And we here
25 in Gainesville are proud of the role that we're playing.

1 I'd just like to sort of sum things up for
2 you, if I could. There are many benefits to this
3 project beyond providing long-term energy security for
4 our customers. We expect over 500 new jobs to be
5 created, and that does not include construction jobs
6 through the build out of the plant, but permanent jobs,
7 a little over 40 at the plant themselves, and then many
8 jobs in the silviculture industry that is very robust in
9 our area. This would add about \$5.5 million to our
10 local tax base in tangible property taxes, which is
11 something missing from our equation here in Gainesville
12 right now.

13 It's also a hedge against any future, as
14 you've heard repeatedly, any future cap-and-trade
15 program or carbon tax program that will position
16 Gainesville and Gainesville Regional Utilities as well
17 as our ratepayers in a very advantageous position in the
18 likelihood that this comes about. And it also will help
19 us with any renewable portfolio standards that come
20 either from the state level or from the federal level.

21 In addition, other benefits, help us avoid the
22 escalating projection of the cost of coal and natural
23 gas. It adds a greater price stability to our energy
24 production portfolio. It creates less volatility in our
25 fuel sourcing. And something that I think that we're

1 all concerned about, this adds a local fuel source that
2 will be much more reliable and we'll have much more
3 direct control over it. In addition to that, it
4 provides for cleaner air for the residents living around
5 Gainesville and Alachua County and the Deerhaven plant,
6 it gives us more energy independence, it gives us a
7 sustainable energy source, it helps us reduce our carbon
8 footprint, and it again benefits our local economy.

9 Some sort of tertiary benefits is that the
10 byproduct from this production technique is 100 percent
11 recyclable. The wood ash is 100 percent recyclable and
12 does have a market value. It creates less waste for our
13 landfills in the area. It's an excellent technique for
14 reduction of unplanned forest fires which cause
15 significant damage and, and uncertainty to people living
16 in more rural areas. It does support our local
17 silviculture industry for which North Central Florida is
18 well suited and has been, in several studies been
19 pointed out as an economic benefit for this type of
20 energy production in the area. And it, and it also
21 moves us towards achieving our carbon dioxide and other
22 greenhouse gas reduction goals, many of which were
23 pegged by Kyoto. But as the Mayor pointed out, there's
24 a significant meeting going on over the next couple of
25 weeks and we expect to most likely see new targets and

1 goals set in Copenhagen. So we will hopefully be
2 positioned for those as well.

3 In summary, the policy direction for the
4 Commission -- from the Commission has been that we
5 diversify our energy supply and move in a more
6 sustainable and renewable direction. It achieves -- the
7 biomass plant achieves this policy goal. It has been --
8 this decision was made after significant public comment.
9 There have been more than 40 public meetings from
10 conferences to workshops to City Commission meetings,
11 all of which the public was invited and actively
12 participated. This process has been taking place over
13 six years worth of time, and so it is not something
14 that, that we have done quickly or in a knee-jerk
15 fashion. It will help us achieve both Kyoto and then
16 hopefully Copenhagen targets. And the Commission set
17 this policy direction on June 27th, 2005, and this is
18 part of us moving forward with that.

19 It's a sustainable energy supply which has
20 local benefits, whether it be for health, economic
21 benefits or energy independence benefits. And the fixed
22 pricing model, as you just saw from Mr. Hunzinger,
23 allows the ratepayer to receive maximum benefit as we
24 move into the sort of 20- and 30-year horizon.

25 Again, I thank you very much for being here in

1 Gainesville. Welcome to our city. And I believe that
2 staff will be available for any questions that you may
3 have.

4 **COMMISSIONER EDGAR:** Thank you, Mayor Hanrahan
5 and Commissioners. Thank you for coming to join us and
6 for your comprehensive presentation. It gives us really
7 a great sense of the process that you have gone through
8 and also some of the policy considerations that have
9 been taken into account.

10 Commissioners, before we move to hearing from
11 those who have signed up to speak, do you have questions
12 or comments? Commissioner Skop.

13 **COMMISSIONER SKOP:** Thank you, Madam Chair.
14 Just a few questions for Mr. Hunzinger.

15 On Page 20 of the presentation it shows the
16 existing baseload generation, intermediate generation,
17 renewable, peaking along with the demand curve line.
18 The black horizontal line, if you look at the legend,
19 indicates peak plus reserves. Is that to indicate that
20 that's peak load demand plus your reserve margin?

21 **MR. HUNZINGER:** Yes, Commissioner Skop, that's
22 a good question. In our case the reserve margin is,
23 15 percent is our planning reserve margin as opposed to
24 the investor-owned utilities, which I believe is
25 20 percent.

1 **COMMISSIONER SKOP:** Okay. So that's, that's
2 reflected by that black horizontal line.

3 **MR. HUNZINGER:** Correct.

4 **COMMISSIONER SKOP:** Okay. So would it also be
5 correct then in years -- I guess until -- assuming that
6 line is correct and that reflects the peak load plus
7 adequate reserve --

8 **MR. HUNZINGER:** Right.

9 **COMMISSIONER SKOP:** -- then would it be
10 correct to say that you have adequate reserve margin
11 through 2023?

12 **MR. HUNZINGER:** I think as you're reading the
13 chart that would be correct.

14 **COMMISSIONER SKOP:** Okay.

15 **MR. HUNZINGER:** And just a little explanation
16 there. You can see our historic load through about 2007
17 had a pretty good upward slope, and certainly the
18 economy has played into us revising that downward along
19 with, as Commissioner Hawkins talked about, some of our
20 efficiency and other conservation measures.

21 If the economy would turn around, we would
22 expect that to increase some, but that's our latest
23 forecast for that.

24 **COMMISSIONER SKOP:** Okay. And also on that
25 chart it shows the expiring power purchase agreement

1 with Progress somewhat replaced -- or not replaced, but
2 it shows the impact of that and there's still adequate
3 reserve margin.

4 Moving to Page 21, it shows the delta change
5 with the incorporation of the proposed biomass plant.
6 Is it still correct to understand that they would have
7 more than adequate or excess reserve margin through
8 2023?

9 **MR. HUNZINGER:** Yes. As shown on that chart,
10 that's correct. And of course that's, that's one factor
11 in all this, we believe, that the fuel factor, the cost
12 versus fossil and other benefits play into. But as
13 you're looking at this chart, that would be correct.

14 **COMMISSIONER SKOP:** Right. As well as the
15 ITCs and the other hedging, environmental and so on.

16 **MR. HUNZINGER:** Yes.

17 **COMMISSIONER SKOP:** A quick question then. On
18 Page 5 as it relates to 21, they indicated that
19 approximately half of the nameplate capacity of the
20 biomass of 50 megawatts is going to be resold to a third
21 party off-taker for a ten-year term; is that correct?

22 **MR. HUNZINGER:** That's correct.

23 **COMMISSIONER SKOP:** And then on Page 28 it
24 indicated that currently you have four municipalities
25 that are interested in perhaps purchasing that portion

1 of the excess capacity but have not entered into an
2 agreement yet; is that correct?

3 **MR. HUNZINGER:** Yes. And we have signed
4 confidentiality agreements with four entities, and at
5 this time they're waiting to see where the permitting
6 process goes before we really get into detailed
7 discussions. But we have had some discussions at this
8 time.

9 **COMMISSIONER SKOP:** And then just two final
10 questions.

11 I believe that you previously stated during
12 your portion of the presentation that the biomass
13 component would actually be more economically dispatched
14 or cheaper than baseload coal generation or baseload
15 natural gas generation; is that correct?

16 **MR. HUNZINGER:** Yes. From a fuel standpoint
17 the way the contract is structured it's a fixed price
18 over that time. But the fuel component is such that it
19 will dispatch competitively and likely cheaper than coal
20 and gas based on the forecast.

21 **COMMISSIONER SKOP:** And this 100 megawatt
22 proposed plant, GRU has basically agreed to take all of
23 the capacity and will pay for that. I think you
24 mentioned a scenario where GRU would not be able to sell
25 the excess capacity, which is unlikely given the need

1 and demand for power.

2 I think that the logical question that stems
3 from that, if the biomass project of 100 megawatts is
4 the most economic dispatch over GRU's fleet of existing
5 generating assets and noting that there is excess
6 reserve through 2023, I think two questions arise in my
7 mind.

8 Has any thought been given to using the
9 biomass in its entirety and basically selling the
10 intermediate capacity generation as excess to off-takers
11 to the extent that given the, the economic dispatch, the
12 biomass might be cheaper for GRU ratepayers other,
13 against other fossil fuel alternatives?

14 And also, too, the second question would be
15 given the excess reserve margin over and above what the
16 peak and reserve curve shows, would it be possible to I
17 guess sell off 100 megawatts in itself to others? But,
18 I mean, I guess what I'm struggling with is I'm trying
19 to understand and understand some of the positions that
20 have been stated. There's other reasons other than
21 reserve margin.

22 **MR. HUNZINGER:** Right.

23 **COMMISSIONER SKOP:** But it seems to me that if
24 the cost of dispatch for biomass is significantly
25 cheaper than current generating sources, then would it

1 not make sense to keep the entire 100 megawatts and sell
2 off other excess generation over and above your
3 existing, you know, reserve margin?

4 **MR. HUNZINGER:** Yes. Those are both very good
5 questions, Commissioner Skop. Let me try to answer
6 those.

7 In the first case with biomass it's possibly
8 (phonetic) retaining the full amount and selling off
9 some of the intermediate. As mentioned, biomass is
10 expected to have about a 90 percent availability factor,
11 so it's a baseload plant. A lot of our intermediate
12 units certainly, because of some inefficiencies or high
13 Btu output efficiencies, aren't as, aren't as efficient
14 as this and therefore wouldn't run as often on an hourly
15 basis, on an annual basis.

16 The -- I probably need to clarify a little
17 bit, the pricing structure for the biomass contract is
18 fixed over time effective except for the fuel component,
19 which is primarily CPI driven. It's separated into a
20 couple of parts. There's a fixed part to that which we
21 pay if the unit is available, and then there's a fuel
22 component. And what I was referring to earlier was the
23 fuel component is competitive or cheaper than coal or
24 gas. For the fuel we would also have to pay the fixed
25 component. So when you take that into consideration, we

1 would certainly look at the ability to retain the
2 biomass and sell off our intermediate. A lot of that
3 would depend on what the price of natural gas is, how
4 efficient our units are and how they would play into the
5 market. And we would do that on a daily basis as we do
6 now with all our units presently.

7 **COMMISSIONER SKOP:** And then just one final
8 question. On Page 30 it shows the projected cost
9 scenarios of biomass and other alternatives. I think
10 that you mentioned that the biomass plant was 90 percent
11 availability factor or capacity factor. What was the
12 combined cycle modeled at in that slide?

13 **MR. HUNZINGER:** I'm going to have to ask Ed or
14 staff to answer that question.

15 **MR. REGAN:** My name is Ed Regan. I'm the
16 Assistant General Manager for Strategic Planning.
17 90 percent.

18 **COMMISSIONER SKOP:** It was 90/90? Okay. All
19 right. Thank you.

20 **MR. HUNZINGER:** Thank you for your questions.

21 **COMMISSIONER EDGAR:** Commissioner Klement.

22 **COMMISSIONER KLEMENT:** Thank you, Madam Chair.

23 It may be obvious, but I haven't heard you say
24 it, how have you, how are you protecting yourself
25 against the runup of costs, of prices for this what is

1 now, you're saying, the large waste or unwanted material
2 that if I had it, I would certainly be raising my prices
3 as I see you wanting it more and more? Do you have
4 long-term contracts with the mills and so forth?

5 **MR. HUNZINGER:** Commissioner, at this point --
6 that's a, that's a good question. A lot of fuel
7 contracts are under discussion. As far as I know, REC
8 does not have any fuel contracts in place. They have
9 talked with a number of suppliers or growers, if you
10 want to call them that.

11 This would -- this doesn't necessarily compete
12 with the products that go into the mills, which is
13 effectively the tree for the pulp and some of that.
14 This would be what's left over that they can't use.

15 **COMMISSIONER KLEMENT:** Right. I understand.
16 But if the product, if it has value then and I own it,
17 I'm going to start charging you more if you, if you want
18 it.

19 **MR. HUNZINGER:** Right. And I guess I would
20 say that, you know, there's going to be a limit to what
21 they can charge and what some other growers may be
22 willing to sell that at. So I think it's going to be a
23 competitive market. Instead of letting it rot in the
24 field or burn in the field, they're going to get
25 something for it, and I think the market is going to

1 settle out at a reasonable price there.

2 **COMMISSIONER KLEMENT:** All right. Thank you.

3 **COMMISSIONER EDGAR:** Commissioner Skop.

4 **COMMISSIONER SKOP:** Thank you, Madam Chair.

5 Just one follow-up question.

6 With respect to the fact that it's clearly
7 shown on Page 21, if I'm interpreting the graph
8 correctly, that there is adequate reserve margin and in
9 fact currently excess capacity as shown on the chart
10 over and above what the need for the peak plus the
11 reserve, and that's indicated by the bar graph clearly
12 above the black line through 2023, has there been any
13 thought given to the uncertainty with pending climate
14 change legislation as well as looking at when the sunset
15 provision on the ITCs would, would come into play, has
16 there been any thought to moving the introduction of the
17 biomass plant out such that it would represent more
18 perhaps value to the ratepayers to the extent that they
19 currently have adequate reserve margin? Or excess
20 reserve margin is probably a better word for it.

21 **MR. HUNZINGER:** Yes, Commissioner Skop. Let
22 me try to address that.

23 First, we feel that we're in a pretty good
24 time with the economy from a construction standpoint to
25 get lower prices for labor, for example, and some

1 materials to build the plant. So that's a, that's a
2 benefit. Relative to the stimulus grant, the ITC or the
3 stimulus grant upfront, which is 30 percent of tax on
4 the capital applicable to that, which we believe would
5 be most of the project, there is a time certain for that
6 that the plant would need to be constructed. So this
7 whole process would allow us to meet that date. If we
8 delayed it two years, for example, we wouldn't meet that
9 date or even perhaps a year. So that's very critical to
10 that too. Although on the one side, I believe it was
11 Page 30, we did have a scenario at the bottom with and
12 without the tax grant. So as you can see, it's not a
13 huge difference there, but over the time there's a lot
14 of dollars in that with and without the grant.

15 **COMMISSIONER SKOP:** Thank you.

16 **MR. HUNZINGER:** You're welcome.

17 **COMMISSIONER EDGAR:** Thank you, Mr. Hunzinger.

18 Okay. We are going to move to the portion of
19 our proceeding this evening where we call names from
20 those who have signed up. As I mentioned earlier, I
21 will be calling names in that order. As I also
22 mentioned earlier, I will swear, swear you all in as a
23 group, and that is because this is again part of the
24 official record of the proceeding. The court reporter
25 will be taking down everything that you say. When your

1 name is called to come to the podium, as I said earlier,
2 I would ask that you tell us your name, spell it for us
3 if it is at all unusual, and also if you could tell us
4 if you are a GRU customer. And also if you are
5 representing an organization for your comments, please
6 share that with us, with us as well.

7 So if everybody who would like to speak to us
8 this evening will stand with me as a group and raise
9 your right hand. Thank you.

10 (Witnesses collectively sworn.)

11 Thank you. Have a seat.

12 Okay. The first name on the list that I have
13 before me is Levin Gaston. Levin Gaston. Good evening,
14 sir.

15 **LEVIN GASTON**

16 appeared as a witness and, swearing to tell the truth,
17 testified as follows:

18 **DIRECT STATEMENT**

19 **MR. GASTON:** Good evening. I guess maybe
20 because I'm the first one I'm embarrassed. I seem to be
21 really nervous this morning, evening.

22 **COMMISSIONER EDGAR:** You have no reason to be.

23 **MR. GASTON:** My name is Levin Gaston,
24 L-E-V-I-N G-A-S-T-O-N. And there are five generations
25 of Gastons in our community and we're real proud of

1 that. I'm a GRU customer for decades and decades and
2 decades.

3 For nearly four decades the Gaston family has
4 been taking care of our community's urban forest. We
5 started out as tree servicing contractors, and for the
6 last 15 or so years we have been recycling our
7 community's biomass. I have a, we have a facility not
8 too far from the current Deerhaven plant. We have
9 talked some with American Renewables and expect to be a
10 significant provider of urban waste wood to that plant.

11 You know, it's really interesting, there are,
12 there are a lot of issues here that we talk about. I'm
13 not smart enough to talk about the, about climate
14 change. But long before we had heard about climate
15 change, the EPA was telling us that the number one
16 environmental problem in our country was erosion and
17 sedimentation. Environmental groups seemed to be bent
18 on us paying for the, the consequences of mining coal
19 through our utility rates, and so our rates are going
20 up. If they're going to go up anyway, I don't see that
21 it's necessary for us to send 100 percent of the money
22 that we spend on fuel for electricity out of the state.
23 It gives us no benefit here, and right now we could
24 really, really use it.

25 The timber industry and the agriculture

1 industry in this area have been, have been struggling
2 for a while. I see that this is a pretty good boon for
3 that. There are, I think, I believe that in our area,
4 and I think that there's some studies that will back
5 this up, that there is the equivalent of biomass that is
6 being buried and burned in our area because that's the
7 cheap thing to do. And this, the, the implementation of
8 this plan I think will allow us to begin to recover that
9 or capture that biomass that is currently being wasted.

10 Dr. Ann Wilkie, who is in charge of the local
11 anaerobic digestion facility at the University of
12 Florida, says it's not waste until you waste it, and we
13 are wasting it. We seem to be better at wasting than
14 anything else. So I guess you can tell that I am in
15 favor of what we're doing here. Thank you.

16 **COMMISSIONER EDGAR:** Thank you, Mr. Gaston.

17 Commissioners, questions? No? Thank you.

18 Jeff Curry.

19 **JEFF CURRY**

20 appeared as a witness and, swearing to tell the truth,
21 testified as follows:

22 **DIRECT STATEMENT**

23 **MR. CURRY:** Good evening, Commissioners. My
24 name is Jeff Curry, J-E-F-F C-U-R-R-Y. Regular
25 spelling. I am not a retail customer of Gainesville

1 Regional Utility. I am here representing Lakeland
2 Electric, which is another municipally operated electric
3 utility about 120 miles due south, Central Florida near
4 Tampa, and I'm sure everybody knows where Lakeland is.

5 I am basically the Alternative Energy
6 Coordinator at that utility, which means I run all the
7 renewable energy programs both current and future. And
8 presently we operate a couple of solar energy programs
9 that are -- we have very similar policy objectives at
10 Lakeland Electric as they do here at Gainesville
11 Regional Utilities, and as many of the other utilities
12 in Florida also have. For example, we have a contract
13 dedicated to the installation of 24 megawatts of
14 photovoltaic solar generation, which is about the same
15 goal as GRU has with its feed in tariff program. So we
16 have a similar strategic plan, we just have different
17 tactical measures of reaching that plan.

18 Lakeland Electric, we also have a, plan to
19 launch a solar hot water program where we will install
20 15,000 solar water heaters on our customers' residential
21 rooftops with no up-front cost whatsoever to those
22 customers. That's an example of the solar programs that
23 we're pursuing and that we're active with right now with
24 signed contracts with existing vendors.

25 In pursuant of biomass though we have a void.

1 We're in the central part of Florida where the citrus
2 industry is the agricultural product that prevails and
3 it produces no biomass by-product whatsoever like in the
4 south with the sugar and in the north with the lumber.
5 So we seek to participate in one of these programs with
6 another utility that does have these resources
7 available. And in keeping with our policy objectives to
8 pursue renewable energy, we have taken the tangible
9 action of signing a confidentiality agreement to pursue
10 a partnership with Gainesville Regional Utility.

11 As Mr. Hunzinger pointed out on Page 28 of
12 his, of his presentation in your program here, he
13 mentioned that there are four municipal utilities that
14 have indicated a serious interest in this project. I
15 represent one of them.

16 I may not be a retail customer of Gainesville
17 Regional Utility, but I am hopeful to be a sizable
18 wholesale customer of Gainesville Regional Utilities to
19 the tune of perhaps equal to six or 7,000 of the houses
20 that are here in this territory. So should we go to
21 discussions and enter into a partnership, we might end
22 up being a 20-megawatt partner or something because we
23 would like -- we are very interested in being a sizable
24 part of that 50 megawatts that they wish to outsource to
25 other utilities.

1 So speaking on behalf of Lakeland Electric, I
2 am here to express my support for the approval for the
3 determination of need for this unit on behalf of
4 Gainesville Regional Utility and the Gainesville
5 Renewable Energy Center. Thank you very much.

6 **COMMISSIONER EDGAR:** Thank you, Mr. Curry.
7 Thank you for coming.

8 Angela Pate.

9 **ANGELA PATE**

10 appeared as a witness and, swearing to tell the truth,
11 testified as follows:

12 **DIRECT STATEMENT**

13 **MS. PATE:** Good evening. And, again, thank
14 you very much for coming to the Gainesville area. We do
15 appreciate it very much.

16 My name is Angela Pate, P as in Peter, A, T as
17 in Thomas, E. Not a hard name but often misspelled.
18 And I am the Executive Director of an organization
19 called Florida Works, and that is our local regional
20 workforce board. Our board is for both Alachua and
21 Bradford Counties. And for those of you who are not
22 familiar with what a workforce board is, it is the
23 community convened and includes elected officials,
24 educators, businesspeople. 51 percent of the board must
25 be, by federal law, business owners, all of the

1 different populations of our community, veterans, people
2 with disabilities, all of the social service agencies,
3 and we meet in various committees monthly in a very
4 active community here in the Gainesville and the
5 Alachua/Bradford area to determine the workforce needs
6 of our community and provide the training that our
7 employers need to help drive our economy where it needs
8 to go.

9 Needless to say, these days we are challenged
10 tremendously. And I want to congratulate our community
11 for the work that we do in our collaborative process.
12 We were -- a moment to brag -- just recognized
13 nationally across the country by the U.S. Chamber of
14 Commerce as the region of excellence for 2009 for our
15 collaborative work, and a big part of that recognition
16 came because of our community's work towards green
17 technologies and environmental issues. It is one of our
18 three strategic areas for our workforce board: That,
19 the medical industry and technology in general. So we
20 are a green community in many ways and strategically
21 pushing to become a greater green community in the
22 future and driving our educational processes and our
23 jobs in that direction.

24 In that regard, we have education, economic
25 development and employment which we call the three Es,

1 E3, and we're now adding the fourth, which is
2 environmental, energy conservation.

3 In our area we have a high poverty rate, twice
4 the state average, twice the national average
5 surprisingly enough. A lot of college and university
6 communities find that to be the case. In our outlying
7 areas around the Gainesville area, in the counties
8 around our area there's not a lot of opportunity. And I
9 can tell you from my work in Bradford County, which I'm
10 very involved in, they are very excited about the
11 opportunity to be able to contribute to the biomass
12 with -- they have a large forestry, you know, capacity
13 in Bradford County, and they're looking forward to being
14 able to contribute to that and help that become an
15 economic driver for their community and their jobs and
16 their economy. So I want to also speak on behalf of
17 that since I represent both counties.

18 I guess the last thing I want to say in
19 closing is that we hope that you look at the big picture
20 in terms of how we plan things here beyond just the
21 technical issues of the energy usage and the vision of
22 our community of what we're doing going forward. Our
23 youth in our schools are being trained in energy
24 efficiencies, they're learning what carbon units are,
25 they're learning what a carbon bank is, they're learning

1 new, new technologies in ways that those of us of my
2 generation are still unaware of.

3 And I can brag also on our summer youth
4 program where we took children that were adjudicated by
5 the courts in the juvenile justice system, trained them
6 in solar installation, trained them in research projects
7 studying the carbon footprint of the water system of our
8 county, trained them in energy auditing, and put them to
9 work in our public housing units auditing public housing
10 and lowering the cost of those in poverty. And I know
11 that sometimes I'm -- I have a first-hand knowledge of
12 those in poverty coming in my door every day and the
13 struggles they have in meeting their bills: Those on
14 food stamps, those who are trying to transition off
15 welfare when the welfare rolls are growing right now
16 very greatly. Sometimes their energy costs are
17 17 percent, 18 percent of their entire income. So
18 everything that we can do to reduce energy cost is
19 important.

20 And I know that this may not fit the model,
21 but the consciousness and the education and the general
22 movement of the awareness of it in our community is an
23 extremely valuable part of the assistance to give all of
24 the socioeconomic spectrum. And that's something that
25 we pride ourselves in and that we intend to continue

1 becoming a leader in in the nation, and our goal is to
2 make Gainesville a community that the rest of the planet
3 looks to as a real success story, and we think this
4 project will be part of that. So thank you very much.

5 **COMMISSIONER EDGAR:** Thank you, Ms. Pate.

6 Walter Willard.

7 **WALTER WILLARD**

8 appeared as a witness and, swearing to tell the truth,
9 testified as follows:

10 **DIRECT STATEMENT**

11 **MR. WILLARD:** That's me. It's not like I'm
12 holding up the Internet or anything. Walter Willard
13 (inaudible.) I'm not holding up the Internet or
14 anything. I'm not on the Internet. November 19th, let
15 the airport be accused of, accused of using that up.
16 Don't you be accused. You be smart. They say all you
17 need is a court reporter. You don't need no Internet
18 and all that stuff.

19 Ms. Chair, I wish we could have talked a
20 little bit about climate, climate, talking about
21 climate, climate change. I think our Mayor is going
22 over there to Copenhagen. I'm glad to see her here
23 tonight. I thought she was already over there. I'd be,
24 I'd be turning cartwheels. I would let my wife, my
25 husband go way over there by herself, himself. I'd be

1 turnings cartwheels. Wouldn't you?

2 Now, see, the GRU don't have the egress and
3 they was getting rid of their egress, they were
4 (inaudible) the public out of the public record Tuesday,
5 Monday, Tuesday night secret (phonetic) development
6 hearing. They were submitting it from a public ease, a
7 public thoroughfare. So they're getting rid of their
8 egresses too.

9 So you all in the agenda, every one of the
10 agendas is any development -- any developer is not
11 backed by the full faith and credit of the City
12 Commission. All that means is we can't afford to send
13 them nowhere. They go somewhere and the dollar drops
14 10 more cent, they can't get back home. So y'all want
15 to do what you can do to help them get back.

16 I was over at the farmer's market. I told
17 Mr. Gaston to go over there and get a cup of coffee. We
18 looked downstairs for coffee and nothing down here but a
19 microwave oven. So we headed over to Harry's or
20 Starbucks to get some coffee. Shitake mushrooms they're
21 selling over there at that farmer's market. Shoooo,
22 those are some potent things. I said, you didn't get
23 any of those from the Church of Scientology, did you?
24 Those are some potent things. That's a fuel that will
25 be around for a long, long time, long time, long time.

1 I can take a bite out of them and heat my house with the
2 rest of them. A pity the boy couldn't answer my
3 question. I asked him the same question. They couldn't
4 answer. What do I do? Do I eat it or do I heat my
5 house with it? That's 10 percent off certified forest
6 mushroom. That's 10 percent certified forest mushroom.
7 That's what it is, mushroom, nothing but mushroom. Be
8 no more cows, be no more waste wood, be nothing but
9 mushroom. 10 percent of certified forest.

10 Also you try to tell these people, Mr.
11 Hunzinger, we want to get away from them Btus, but we
12 have to raise the cap on our solar commercial, solar and
13 commercial capital market. 1 megawatt -- we can't think
14 of capital. 1 megawatts or is it ten? Something real
15 low. We're going to have to raise that because Btus, we
16 always, we will always have Btus. Btus is a form of
17 resistance. It came into, came into being used about
18 around the time Bell Lab developed the transistor. A
19 little old bitty megawatt transistor, a little old bitty
20 device that small hold up a whole megawatt, a whole
21 megawatt of resistance. That small.

22 And so if the solar is going to offset,
23 clearly they would like to get 20, 20 megawatts, but
24 they're going to have to raise that because it's going
25 to offset the commercial deal they got. And then we got

1 to come up with something on residential solar feed,
2 solar feed besides credit. Now I know good and well a
3 house -- tried to take me over to Martin Luther King
4 when GRU had their little symposium over there, the
5 house with 15 SEER energy or 15 SEER would save as much
6 as a house with 7, 7 SEER energy rating. Same amount of
7 green, loan \$15,000, save about \$30, \$40,000. First of
8 all, a SEER rating is not your rating, GRU. It's the
9 air conditioning industry rating. I happen to be an air
10 conditioning technician, journeyman. The (inaudible)
11 industry doesn't set a SEER rating. There won't be no
12 saving. GRU can't set that. That comes from the
13 (inaudible) industry. I know better than that. A SEER
14 rating, a house with a SEER rating of 7 going to save as
15 much money as a house with a 15? I don't think so.

16 **COMMISSIONER EDGAR:** Mr. Willard, do you have
17 any comments specifically directed to the project that
18 we're discussing tonight?

19 **MR. WILLARD:** Biomass?

20 **COMMISSIONER EDGAR:** Yes.

21 **MR. WILLARD:** The fuel has been around for a
22 long time. I'm in favor of clean electric too. In
23 favor of biomass, am I in favor of it? Favor of it, but
24 it's going to offset the solar, solar project. It's
25 going to offset our solar project.

1 Any of you headed over to Copenhagen?

2 **COMMISSIONER EDGAR:** No, sir.

3 **MR. WILLARD:** Okay. Everything is backed by
4 the full faith and credit of the Public Service
5 Commission too. I see not all, all members couldn't be
6 here, one of your members couldn't be here. I wouldn't,
7 I wouldn't, I wouldn't want to cross, I wouldn't want to
8 cross, cross any member that give the lobbyists
9 anything. Nobody ever gives a lobbyist anything.
10 Whoever gave a lobbyist anything but (inaudible).

11 **COMMISSIONER EDGAR:** Thank you. Thank you for
12 your opinions.

13 Commissioners, any questions for Mr. Willard?
14 Any questions? Mr. Willard, thank you very much.

15 **MR. WILLARD:** You're very welcome.

16 **COMMISSIONER EDGAR:** Andrew Walmsley. Andrew
17 -- oh, hello.

18 **ANDREW WALMSLEY**
19 appeared as a witness and, swearing to tell the truth,
20 testified as follows:

21 **DIRECT STATEMENT**

22 **MR. WALMSLEY:** Hello. Good evening,
23 Commissioners. I appreciate the opportunity to come
24 before you this evening. My name is Andrew Walmsley,
25 W-A-L-M-S-L-E-Y. I'm speaking on behalf of, this

1 evening of Florida Farm Bureau Federation, the state's
2 largest general ag organization. We represent the
3 280 different commodities grown in the state including
4 silviculture. I am also a GRU customer and have the
5 pleasure of living here in Gainesville.

6 I just wanted to speak in favor of the biomass
7 project here very briefly. A few points I wanted to hit
8 upon, and many of them have been discussed this evening.
9 We discussed energy security, you know, a locally
10 sourced product when we're looking at increasing the
11 process with coal and natural gas. Hopefully if the
12 economy recovers, we'll see that. And then of course
13 the concerns surrounding the regulation of carbon.

14 We also created a new commodity for our
15 producers here in Florida. We talked a lot about
16 sustainability, sustainability for our local
17 communities, and one of the key components, along with
18 best management practices and stewardship practices, is
19 profitability. So anything we can do to help keep our
20 private landowners out there farming and providing
21 economic benefits, that's a good thing to the state and
22 to those, to our members.

23 And finally I'd just like to commend GRU and
24 the City Commission for what they've done both on their
25 solar feed in tariff and the project they're undertaking

1 here this evening. So with that, I appreciate the
2 opportunity.

3 **COMMISSIONER EDGAR:** Thank you.

4 Richard Selwach. I'm not sure if I got that
5 exactly right.

6 **RICHARD SELWACH**

7 appeared as a witness and, swearing to tell the truth,
8 testified as follows:

9 **DIRECT STATEMENT**

10 **MR. SELWACH:** My name is Richard Selwach,
11 S-E-L-W-A-C-H. I am a Gainesville Regional Utility
12 customer. I am against the proposed biomass plant.

13 And first, you know, there's been a lot of
14 back patting going on, and I want to talk about burning
15 coal first. You know, some Florida utilities use coal
16 and similar, similar fuels to produce electricity. The
17 number one case is the Orlando Utilities Commission with
18 82 percent of its energy produced by coal. JEA is a
19 major player. Jacksonville's municipal utility uses
20 coal and coke for about 50 percent of its power needs.
21 Gainesville's utility is at 74 percent. Its carbon
22 emissions are among the worst in the states. You guys
23 are from Tallahassee and Tallahassee is good. You know,
24 their, their utility uses gas for 99 percent of its
25 needs, and FPL only uses coal for 7 percent of its

1 needs.

2 I want to thank Commissioner Klement for his
3 thoughtful question earlier about the sources of biomass
4 being identified. They have not, and there are no
5 contracts for, for them at this point in time. I really
6 have a problem with the definition of biomass and we
7 really need to be clear. There's many definitions of
8 biomass. And from the National Renewables Energy
9 Laboratory, you know, biomass is described, defined as
10 organic matter available on a renewable basis. Biomass
11 includes forest and mill residues, agriculture crops and
12 waste, wood and waste, wood and wood waste, livestock
13 operation residues, aquatic plants, fast growing trees
14 and plants and municipal industrial waste.

15 We have to have written in stone, you know,
16 the sources of biomass. You know, we need to be very
17 clear. You know, I don't want this thing turning into a
18 municipal trash burning incinerator and the next thing
19 you know we have, because we have a definition of
20 biomass, the next thing you know we're burning cow
21 manure and bird feces and dead animals and things that
22 have pollution and sewage sludge. We're not going to go
23 there. So I am definitely against this biomass plant
24 until the sources are identified.

25 You know, we had mentioned, you know, about

1 natural gas. Right now we have a glut of natural gas
2 and it's, and it's at an all-time low.

3 I'm putting this Commission on notice that
4 environmental impact statements are required on projects
5 or programs that adversely affect the environment.

6 I'm going to file a draft environmental policy
7 with your, with your city, with your, with your
8 attorney. I'm respectfully requesting that this
9 Commission table these talks on the proposed biomass
10 plant until the final environmental and economic impact
11 statements are in. We need to know both the
12 environmental and economic impacts of this biomass plant
13 on people, wildlife and the area. The results need to
14 be advertised and published so that the public can make
15 a rebuttal. At the rebuttal the environmental impact
16 statements need to be advertised and published. Again,
17 I'm putting this Commission on notice that the final
18 environmental impact statements are required and this
19 Commission needs to table these proceedings until final
20 environmental impact statements are in. I thank you for
21 your time.

22 **COMMISSIONER EDGAR:** Thank you, Mr. Selwach.

23 **MR. SELWACH:** And here is the copy of the, of
24 the policy and procedure that we should be following.
25 Thank you very much.

1 **COMMISSIONER EDGAR:** If you could bring it up
2 and hand it to our staff. Thank you. Mark it as
3 Exhibit Number 2?

4 **MR. SAYLER:** Yes, ma'am.

5 **COMMISSIONER EDGAR:** Okay. Can you give me a
6 title since you have it and I do not?

7 **MR. SAYLER:** Draft, Draft Environmental Policy
8 submitted by Mr. Selwach.

9 **COMMISSIONER EDGAR:** Witness Selwach.

10 **MR. SAYLER:** Witness Selwach.

11 **COMMISSIONER EDGAR:** Thank you. That will be
12 marked, become a part of the record, and be available to
13 all Commissioners and all other interested parties.
14 And, Mr. Wright, as we usually do, we will not take up
15 exhibits until Tuesday.

16 **MR. WRIGHT:** Thank you.

17 **COMMISSIONER EDGAR:** Wednesday. That would be
18 Wednesday, not Tuesday. I apologize for that.

19 **MR. WRIGHT:** Thank you, Commissioner.

20 **COMMISSIONER EDGAR:** Okay. Kevin Brown.

21 **SPEAKER:** I believe he left. He had to leave.

22 **COMMISSIONER EDGAR:** Okay. Rob Brinkman.

23 **ROB BRINKMAN**

24 appeared as a witness and, swearing to tell the truth,
25 testified as follows:

DIRECT STATEMENT

1
2 **MR. BRINKMAN:** Good evening. My name is Rob
3 Brinkman. The last name is spelled B-R-I-N-K-M-A-N. I
4 wanted to welcome the Public Service Commission to
5 Gainesville, and thank you very much for saving me a
6 trip to Tallahassee. I've been up there before, and I
7 appreciate you all making the trip down here.

8 I've been a longtime supporter of this
9 particular solution and an opponent of the previous
10 solution which was proposed by the utility some six
11 years ago, which was the coal plant. As a matter of
12 fact, the Assistant General Manager for Strategic
13 Planning, Ed Regan, stood right at this very podium a
14 number of years ago, and when he proposed the coal plant
15 to the City Commission and frankly explained that GRU's
16 business model was "We burn to earn." And at that time
17 we used things like the rate impact measure test and
18 some other things, and through the community discussion,
19 which has been referred to previously, I'm glad to say
20 that we changed a lot of those policies.

21 And I think I've been very pleased with the
22 responsiveness of the City Commission, not only in
23 building this biomass plant but in the solar feed in
24 tariff, and also in things that I think aren't nearly
25 as, don't garner nearly as much attention. But that

1 rate impact measure, doing away with that and taking up
2 the total resource cost test has really changed the game
3 in conservation in this community, and I would highly
4 recommend it to the Commission as a statewide policy. I
5 think it's one of the fundamental things we've done in
6 this community that's going to make a long-term
7 difference no matter what kind of power plants we build.

8 One of the reasons that I support this project
9 is it is my hope that we will experience in the North
10 Central Florida area the kind of revitalization of their
11 forests as they have experienced around Burlington,
12 Vermont. Because a good utility which comes in and puts
13 in good practices and protocols, as I am hopeful that
14 this utility has, does have the ability to improve. And
15 indeed that is one of the objects of the forest
16 stewardship agreement, which is part of the contract as
17 I understand it, to improve the forest, forestry
18 procedures in the area and thereby improve the health of
19 our forests.

20 Now recently there was a report out, I think
21 it was the Nature Conservancy has done a study in which
22 they have shown that it is possible to go into a forest
23 and thin it and actually increase the amount of carbon
24 sequestered by that forest over time. That's actually
25 including the biomass that you removed. Now if we

1 remove such biomass and use it to generate power, that
2 actually I think improves us beyond being simply carbon
3 neutral because the forest that the biomass is taken
4 from may actually sequester more carbon than it would
5 have if we hadn't taken it out, and we will generate
6 power with a carbon neutral resource far better than
7 coal.

8 And I would add, I have to put this in, I
9 really think this is a far better option than the
10 nuclear option. And I am very pleased to say that this
11 community, the Gainesville City Commission and the
12 utility declined to participate in the Levy Nuclear
13 Project. I think that was a very wise choice. I
14 frankly am more and more encouraged that I don't think
15 that project will ever actually come to fruition. And I
16 think that if we had invested in it, we would have lost
17 a lot of money. I see this arrangement, the purchased
18 power agreement, as being a very good way to protect our
19 customers from risk.

20 Regarding the comments and questions by
21 Commissioner Skop and others regarding the need, and I
22 understand that that is properly the actual purpose of
23 the Public Service Commission, not the environmental
24 constraints, obviously there's far more to it than
25 reserve margin. We all understand that. To me one of

1 the more persuasive things has been when you start
2 looking at how much of the baseload generation is tied
3 up by just serving the native load and the degree to
4 which we are highly susceptible to increases in costs
5 when we have to use a lot of our intermediate
6 generation.

7 Currently we're very lucky. Natural gas is
8 cheap. In recent years it hasn't always been so.
9 Hopefully natural gas will remain cheap. However, if it
10 doesn't, I see this plant as providing us a far better
11 alternative than the much more volatile natural gas.

12 You know, I'll close with this comment. We
13 are planning to actually buy biomass from suppliers in
14 this community. A couple of years ago due to some
15 complaints from some members of the Sierra Club, and I
16 serve as the Chair of the local group, I approached a
17 landowner on the Santa Fe River, a large landowner, and
18 asked if he could provide me with a tour of what he was
19 doing on the property. There were -- some neighbors
20 were very suspicious that he was clearing the area in
21 preparation for development. And so he actually had his
22 forester take me around the property. And while we were
23 there, they were indeed doing thinning operations and
24 the biomass was being chipped and loaded into trucks.
25 What interested me was the destination of those trucks.

1 It was the Perry paper mill to use as fuel. And the
2 interesting thing was the owner wasn't selling the
3 biomass, they were simply paying a reduced rate. They
4 were still paying, I think it was around \$3 a ton simply
5 to get rid of the biomass, and I think that's
6 significant. So I think that is where coming into the
7 market and actually offering to buy the product will
8 have an effect.

9 And I don't think we're really going to run
10 into the problem with people trying to bid it up. I
11 think frankly a lot of people are very concerned about
12 the amount of supply. Actually my impression is that
13 there is a fair amount of supply out there now. It is
14 true that there are other biomass plants proposed. I'm
15 actually pleased that we are, I think, ahead of most
16 other plans in this region for biomass plants because,
17 frankly, if you don't want to be buffeted by market
18 forces, one of the best ways is to be the first into the
19 market and establish a presence early on.

20 So finally I really think that this is key to
21 meeting this community's climate goals. I am very proud
22 to say that, you know, not only is this community very
23 innovative in a number of the things we do from timing
24 our traffic signals to weatherizing low income houses
25 and solar feed in tariffs, but we are probably the only

1 city in all those cities in Florida that have signed the
2 mayor's convention on climate change that has any hope
3 of coming anywhere close to meeting those goals. And
4 although we may be about a year late or so, I believe we
5 will make those goals. For that reason, and I think
6 that is really far more important than the issue of
7 reserve margins, I think this is a great project and I
8 look forward to it. Thank you.

9 **COMMISSIONER EDGAR:** Thank you.

10 **MR. WRIGHT:** Madam Chair.

11 **COMMISSIONER EDGAR:** If you will hold just --
12 excuse me. If you'll hold just a moment, there's the
13 opportunity for questions.

14 **MR. BRINKMAN:** Sure. I understand.

15 **COMMISSIONER EDGAR:** Mr. Wright, we will come
16 back to you in a moment.

17 **MR. WRIGHT:** Thank you.

18 **COMMISSIONER EDGAR:** Commissioner Klement.

19 **COMMISSIONER KLEMENT:** Thank you, Madam Chair.

20 Just a question about, you mentioned fast
21 growing trees and thinning. Do you have any concern
22 that landowners will be planting trees just for this
23 purpose and perhaps thereby defeating the benefit of the
24 forest, the forest regeneration that you hope for?

25 **MR. BRINKMAN:** You may actually want to also

1 question GRU staff on this for a, for a more informed
2 opinion, but I have read their protocols, and my
3 recollection is there are actually restrictions on the
4 use of whole trees.

5 **COMMISSIONER KLEMENT:** Good.

6 **MR. BRINKMAN:** They are only basically to be
7 used when a management plan for forest management calls
8 for removal of some tree species, you know, to try to
9 change the forest, such as if you're trying to restore a
10 forest to a traditional long life -- longleaf pine
11 ecosystem. And that's one of the great benefits of
12 this.

13 Even Paynes Frairie, which has a lot of
14 invasive woody biomass that I'm sure they'd like to get
15 rid of, one of the big problems when you want to go do
16 something like that is what do you do with the material
17 that you remove? It's very expensive to landfill and to
18 haul it off. It's a lot better if you have a local
19 customer willing to pay.

20 **COMMISSIONER KLEMENT:** Well, I can testify
21 down south of here where I come from that those invasive
22 species are a big problem. They would probably be very
23 happy to have someone take it away free, if not pay for
24 it. Plum trees, melaleuca, Brazilian peppers are like
25 weeds.

1 **MR. BRINKMAN:** And if I may, Commissioner
2 Klement, I'd like to observe that to me that's one of
3 the better ways to handle invasives is if you can create
4 a market, it's far better than trying to use noxious
5 substances to control them. Simply create a market and
6 control the volume of an invasive simply by market
7 forces.

8 **COMMISSIONER EDGAR:** Thank you.

9 Commissioner Skop.

10 **COMMISSIONER SKOP:** Thank you, Madam Chair.

11 Good evening, Mr. Brinkman. Just two
12 follow-up questions, and I do appreciate your comments
13 and your knowledge of the subject matter.

14 With respect to sustainable forestry and the
15 use or development of biomass materials, you mentioned
16 that when whole trees were to be removed, which is
17 typically not the case, either to get rid of invasive
18 species or to thin or to restore to longleaf pine, is it
19 your understanding that when, when there is complete
20 removal of whole trees, that the protocol requires
21 sustainable forestry replanting with something else?

22 **MR. BRINKMAN:** Yes. As a matter of fact --
23 and, by the way, I did submit written comments to the
24 Commission a couple of days ago. I hate reading
25 comments verbatim at meetings like this, so I decided

1 not to do that.

2 I believe it requires that a supplier reforest
3 within five years.

4 **COMMISSIONER SKOP:** All right. I appreciate
5 that. Like I said, when I grew up, the whole tree farm
6 concept was ingrained into our thought process where if
7 you plant a tree and grow a tree and take a tree down,
8 you replace it immediately. And I don't see that
9 happening as often as I'd like to see it, as I remember
10 in years past.

11 But to your other point about the reserve
12 margin, and I think that we're saying the same things,
13 we're just approaching it differently, in terms of
14 having excess capacity over and above the existing
15 reserve margin, which means stranded capacity somewhat,
16 it would seem to me that if you're going to add
17 additional capacity on top of that vis-a-vis the biomass
18 plant, that what you said would be exactly correct,
19 you'd want to keep the low cost environmentally friendly
20 generation and sell off some of the intermediate higher
21 cost generation. I think that was the point I was
22 trying to flesh out and get a little bit better
23 understanding of in terms of that. I just wanted to
24 thank you for your comments on that aspect.

25 **COMMISSIONER EDGAR:** Thank you.

1 Mr. Wright.

2 **MR. WRIGHT:** Thank you, Madam Chairman.

3 Good evening, Mr. Brinkman. I'm Schef Wright,
4 and I'm working for GRU and Gainesville Renewable Energy
5 Center. I did want to ask you about your comments. We
6 got a copy of those off the PSC website.

7 From reading the heading, I understood it to
8 be your intention that these would be entered into the
9 record of the hearing?

10 **MR. BRINKMAN:** That's correct.

11 **MR. WRIGHT:** Okay. I just, I wanted to tell
12 you that for that to happen you have to offer them as an
13 exhibit. They don't automatically go in the record just
14 because you sent them in. So I'm going to give you this
15 copy that I have.

16 **MR. BRINKMAN:** Okay. Thank you so much for
17 your courtesy.

18 **MR. WRIGHT:** If you want to give it to the
19 staff, they'll make sure it becomes an exhibit.

20 **MR. BRINKMAN:** Well, I suppose I should
21 formally request that my comments which I'm about to
22 hand to the clerk be entered into the record.

23 **COMMISSIONER EDGAR:** And we probably could
24 have found another way, but that is sufficient. So, Mr.
25 Wright, thank you for your help.

1 **MR. WRIGHT:** Thank you, Madam Chairman.

2 **COMMISSIONER EDGAR:** And, Mr. Brinkman, thank
3 you for sending these to us in advance as well. That's
4 all, all for the good.

5 So we will mark as Exhibit Number 3 from
6 Witness Brinkman --

7 **MR. SAYLER:** Comments by Witness Brinkman
8 submitted to the PSC.

9 **COMMISSIONER EDGAR:** Thank you.

10 (Exhibit 3 marked for identification.)

11 Bryan Olmert or Bryan Olmert. I hope I'm
12 close.

13 **BRYAN OLMERT**

14 appeared as a witness and, swearing to tell the truth,
15 testified as follows:

16 **DIRECT STATEMENT**

17 **MR. OLMERT:** Pretty close. It's Bryan Olmert,
18 B-R-Y-A-N O-L-M-E-R-T.

19 I'm the manager of a land and timber company
20 and have logging operations here in Alachua County. My
21 company is 89 years old, and we see this opportunity as
22 a, as a great opportunity. We have been selling fuel
23 wood or biomass to other markets, and this will make a
24 market for us locally. We hope to go into a contract
25 with American Renewables. We hope that in our future

1 that we'll be a partner with them and with the city and
2 deliver biomass that we are currently burning or moving
3 other places, and we think this is going to be good for
4 our forestry industry. And for the lack of planting
5 trees, we have been down in Florida. Our tree planting
6 has been way down. I think this will encourage more
7 planting because it gives more opportunity for economic
8 gain for those people that have lands that can utilize
9 those to grow biomass and fuel for this particular plant
10 and for other plants that are coming online in Florida.
11 And I thank you for the opportunity to come and speak to
12 you in support of this biomass plant coming in.

13 **COMMISSIONER EDGAR:** Thank you.

14 Dian Deevey.

15 **DIAN R. DEEVEY**

16 appeared as a witness and, swearing to tell the truth,
17 testified as follows:

18 **DIRECT STATEMENT**

19 **MS. DEEVEY:** Thank you. My name is Dian,
20 spelled D-I-A-N, initial R, Deevey, D as in David, E-E,
21 V as in Victor, E-Y. Thank you.

22 I live in Gainesville and I am a GRU customer.
23 And I have, like Rob Brinkman, been concerned with GRU's
24 plans for generation capacity for some years.
25 Commissioner Donovan mentioned that there was a report

1 by the county's Environmental Advisory, Environmental
2 Protection Advisory Committee arguing that they should
3 not build a coal plant, and I am the principal author of
4 that report. And in fact in that report in one chapter
5 I advocated a biomass plant using estimates of costs of
6 natural gas that were in that, in the recommendation, in
7 the GRU proposal. In those days natural gas was pretty
8 cheap, so it looked good.

9 Okay. Now I think, I still think biomass is
10 probably a good idea, but I am here today because I'm
11 deeply concerned about two issues. This biomass project
12 will be a success if, you know, assuming the plant works
13 and it's built and so on, if in fact the prices for
14 biomass remain stable and low for the long-term and if
15 the CO2 produced from burning that biomass does not, is
16 not regulated with carbon taxes or requirements for
17 carbon caps. And I think there's unfortunately serious
18 questions about whether those two assumptions are true.

19 So there are basically three concerns that are
20 all wrapped up together in one way or another in that
21 concern, which is basically one of cost.

22 The three concerns are, one, that GRU and
23 American Renewables have seriously underestimated the
24 future cost of woody biomass by ignoring vastly
25 increased demands for woody biomass which will result

1 from caps on carbon and federal and state requirements
2 for renewable portfolios.

3 The second thing is that I think GRU, like
4 every utility I've ever heard of in this area, has
5 overestimated the carbon credits that it will get from
6 certain actions that it has taken in the past and that
7 will go to satisfy the requirement for the Mayor's
8 agreement on, on reduction of carbon emissions because
9 they have ignored a very critical requirement called
10 additionality which would invalidate -- which makes many
11 of things that they have proposed probably not valid.

12 And the third thing is the carbon caps I fear
13 may be actually imposed on woody biomass if those fuels
14 are not grown in a fully sustainable manner. That means
15 it's renewable, but if you don't renew it, you might as
16 well be burning coal. And unfortunately in this state
17 there are some problems about replanting of commercial
18 forests.

19 So let me go into this. One is the unknown
20 cost effects of competition for woody biomass. GRU
21 commissioned a study by IFAS scientists to determine
22 what the probable costs of woody biomass are or would be
23 and used -- and told the organizations that bid on this
24 contract to use those costs. Now this was done by some
25 very competent people at IFAS, but they assumed that

1 there would be only three biomass generators each of
2 40 megawatts in the whole north, the whole area
3 involved. That's all that would be in the state.

4 So they said what will be the prices if indeed
5 those, that's the only demand? One was GRU, one was
6 allegedly Tallahassee, the other was JEA. Okay. They
7 came out with low prices. But they pointed out in that
8 study that since the source of the biomass is not
9 elastic, increases in demand would result in sharp
10 increases in price.

11 Okay. So as you probably know, in 2008 the
12 state Legislature authorized a restudy of sustainability
13 of woody biomass by the Department of Agriculture. And
14 I talked yesterday and today to the man named Yarwak
15 Noak (phonetic) who is supervising that. He has
16 contracted with the same guys at IFAS to do a much more
17 detailed study to consider many other considerations,
18 many other conditions of demand, and to look at the
19 costs and to look at the sustainability. So there will
20 be a very good report. But alas it is not available now
21 for me to submit as an exhibit or for your staff to
22 examine. It's going to be available March 1, and I'm
23 very sorry about that. But I do feel that, that it will
24 show very large potential increases in the costs of the
25 woody biomass over the 30-year period that we're

1 concerned about and it will clarify a lot of the issues
2 involved.

3 Okay. As I said, utilities don't really,
4 don't get it about something called additionality. The
5 Kyoto Protocols say that they will credit you with a
6 reduction in carbon as a carbon credit, provided that
7 credit was done solely for the purpose of reducing
8 greenhouse gas emissions. If it was done to make things
9 cheaper, if it was done for increases in efficiency, if
10 it was done for any other reason, it's not eligible.
11 And for Kyoto countries they have a cutoff point.
12 Nothing before 1990 is eligible because that's the
13 reference point for the reductions. If we were doing
14 America, we'd probably say nothing before 2000 given the
15 ACES legislation.

16 Okay. So I have an example of the offsets
17 that lack additionality. If we can show these. Okay.
18 The total for, beginning in 2008 according to GRU was
19 205,000 mega -- tons of carbon equivalents, and I didn't
20 put that down here. But in fact repowering Kelly Unit,
21 which was done I think back in the early '90s, not the
22 '80s, was done to increase the efficiency. They
23 converted a steam turbine into a combined cycle turbine.
24 The energy conservation that we've been doing all along
25 has been to reduce the peak demand so they don't have to

1 have so many supply side resources. Okay?

2 The LED traffic signals were done to reduce
3 the amount of electricity used in those signals. That
4 was a cost consideration. The Southwest Energy Center
5 is a very good idea. It's a small generator which was
6 put next to a local hospital in order to let them use
7 the heat as well as the electricity, and that was not
8 done to reduce CO2 emissions. And the solar PV is done
9 as we're giving it to the customers so that they will
10 invest in a capacity which the utility doesn't have to
11 invest in. And if you look at all the discussions of
12 using these, they all emphasize efficiency and cost
13 things, and that rules them out as far as additionality
14 is concerned.

15 Okay. So this is about half of what they said
16 they would have in 2013. This is close to, what,
17 90 percent of what they said they would have. So these,
18 these are not going to count for the city or for carbon
19 credits.

20 What is not in this list is -- well, there are
21 a couple of things not in the list, but one of the major
22 ones of course is the biomass plant. Why do I say that
23 not all of those credits, CO2, that not all the CO2 may
24 escape caps or carbon costs? I say it because while
25 wood is a renewable source, if you burn it and don't

1 regrow it, you haven't renewed it, so you have simply
2 added to the, to the atmosphere a load of CO2 and you
3 might as well have been burning coal.

4 So if we look then at the list of sources,
5 remember that one problem in, in Florida is that only
6 about 20 to 25 percent of the commercial forests that
7 are cut for commercial uses are being replanted. 75 to
8 80 percent are not, and that's going to be in the report
9 from the Department of Agriculture. So how much of what
10 GRU gets is going to be coming from those forests that
11 are not going to be, to be replanted?

12 Another point I think we have to mention here
13 is that GRU has produced I think an excellent set of
14 incentives for growers to commit to sustainability and
15 best management practices in a whole lot of ways. But
16 those are not required, those are optional. American
17 Renewables can buy energy without those certifications.
18 And I fear that most of the energy it's going to be able
19 to get will not be certifiable in those ways.

20 Here is a list of the primary sources. Okay.
21 Now forest residue logging, if those, if that's one of
22 the forests that is not being replanted, and I think
23 that's one of the 80 percent, then that's not going to
24 be eligible for a carbon, a carbon credit.

25 By the way, something I neglected to mention

1 that wasn't in my written testimony, and that is that
2 the Markey, Waxman-Markey bill, H.R. 2454, does indeed
3 say anybody who burns wood doesn't have to be regulated.
4 But that's not going to last because people in, in
5 Europe and people in, everywhere else, scientists all
6 know that that's equivalent to doing what you're doing
7 in Brazil and Indonesia, and that is not going to be
8 good for the environment or the planet. But they really
9 have to have restrictions. Kyoto does have detailed
10 restrictions for development projects done in other
11 countries and it does have these restrictions.

12 Okay. Now mill residues --

13 **COMMISSIONER EDGAR:** Did you say that you had
14 written testimony?

15 **MS. DEEVEY:** Yeah. I'm just about finished
16 and I've got all of this. Okay.

17 The mill residues are from sawmills and
18 things, and, again, they're not going to be able to
19 verify whether or not that comes from regrowth or not.
20 And, furthermore, all the mill residues in the state,
21 well, it's about 3 percent, are already being used for
22 other purposes.

23 Wood pallets and urban wood waste, again, I
24 don't think you can certify those as being produced in
25 a, in a sustainable fashion.

1 So I want to summarize by saying I think that
2 GRU is doing something which takes guts but is also very
3 risky. And if their bets are wrong in either one of
4 these two areas, then the prices are going to be very
5 high. And we, of course, the citizens will suffer and,
6 of course, I don't know really what we're going to do.
7 So I want to wish you the best of luck in looking over
8 this very difficult subject, and I have a lot of faith
9 in your staff and I think they'll do a good job for us.
10 Thank you.

11 **COMMISSIONER EDGAR:** Thank you. Do you --
12 would you like to leave a copy of your documents with
13 us?

14 **MS. DEEVEY:** Oh, sorry. A question? Yeah.
15 I'll give -- if nobody has any questions, I'll give it.

16 **COMMISSIONER EDGAR:** No questions. If you
17 could give a copy of that to our staff. Thank you.
18 Thank you, Ms. Deevey, for your comments.

19 And, oh, it's right here in front of me. We
20 will mark as Exhibit 4, Mr. Sayler.

21 **MR. SAYLER:** Exhibit 4, comments by or
22 testimony by Ms. Deevey.

23 **COMMISSIONER EDGAR:** Testimony, Witness
24 Deevey. Thank you.

25 (Exhibit 4 marked for identification.)

1 Tom Bussing.

2 **TOM BUSSING**

3 appeared as a witness and, swearing to tell the truth,
4 testified as follows:

5 **DIRECT STATEMENT**

6 **MR. BUSSING:** My name is Tom Bussing,
7 B-U-S-S-I-N-G. I want to thank the Commissioners for
8 making the trip to Gainesville. I hope we give you,
9 allow you enough time to get back to your families.

10 By way of introduction, I served as the mayor
11 of this city when the expanded power plant plans first
12 started originating in 2003, 2004. At that time we, we
13 came to a 450-megawatt coal plant to be built taking
14 advantage of the, the air permit that comes with
15 Deerhaven. I voted and spoke for the no-build option
16 from 2003 onward, and I am opposed to the current plant.

17 To focus on need, and you've heard a few
18 people speak to the point, we don't need this plant, I
19 appreciated the Commissioner's question about the 2023
20 crossover before we even get to our, our reserve
21 capacity requirement. There's declining usage in this
22 city. The city takes a large transfer from the utility
23 to balance its budget and has been -- the Commissioners
24 have been feeling the pain, as it were.

25 Some of the problem arose when the

1 Commissioners first started talking about utility
2 plants. I sat on the utility committee throughout my
3 term. And when they got up there with the 450 megawatt
4 coal plant and were working on that, they also put a
5 marker on for a lot of the Levy County nuclear capacity.
6 They have put in an innovative solar feed in tariff
7 which I do support, but they also always included
8 maximum demand-side management at the same time,
9 indicating that there was no penetration of the concept
10 that you use demand-side management in order to avoid
11 the capital outlay for increased capacity.

12 I have pointed out that some of the combustion
13 turbines at the Deerhaven site were specifically, when
14 they went in the site plan, stated that they were built
15 to be converted to combined cycle when that opportunity
16 would arise. We could recover more power from the
17 natural gas that we're already burning in those
18 combustion turbines. So, but one of my main -- and I'm,
19 I'm hoping that you'll pursue that because I really
20 don't believe we need this, and we don't need it right
21 now and we don't need it to be this big.

22 There's a lot of focus on the waste wood, but,
23 and I believe you'll hear from Mr. Cunilio later who
24 works with the group that Ms. Deevey referred to that
25 did the survey of available waste wood, and they were

1 appalled to find it blow up to be a 100-megawatt plant.
2 And I appreciated her comments that they were looking at
3 40-megawatt plants and that there would only be three.
4 Now we have large land operators up in Georgia that are
5 acquiring contracts and shipping chips to Munich,
6 Germany, millions of tons per year. And I hope that
7 information is reaching the Commission because, as
8 Ms. Deevey said, the out years of cost has not yet been
9 written and does not look good for the, for the
10 ratepayers.

11 The other problem I have is that this whole
12 arrangement takes our public utility out of public
13 control. The air permit, the convenience of having an
14 existing air pollution permit at the Deerhaven site is
15 what drew the co-applicant, the former Nacogdoches
16 company, which came to us with a proposal to burn
17 municipal waste and tires. And I believe they still may
18 come to be burning at least construction demolition
19 debris just in order to make the fuel mix work.

20 When you get a, when you get a moisture
21 content of 40 percent or so, you can no longer use this
22 raw wood. You have to add something to get the moisture
23 content down, and that is conventionally, in my
24 understanding across the country, you start burning
25 construction demolition debris or whatever you will be

1 allowed to burn.

2 So the costs are a question and
3 cost-effectiveness is part of your mandate. It's also
4 something we citizens are concerned about. And the
5 question I have is how can we know what the costs are?
6 I'm putting up for the overhead a document.

7 **CHAIRMAN EDGAR:** Okay. I'm not sure where the
8 magic was, but there it is.

9 **MR. BUSSING:** Now this is an excerpt from the
10 contract that the City Commissioners approved with
11 formerly Nacogdoches, now American Renewables, redacted.
12 And so you're looking at the first part of the table of
13 contents, I'm drawing your attention to Section 3,
14 contract prices. And so it says contract prices, change
15 in law, then there's a bunch of blacked out stuff. And
16 fuel procurement, well, it looks like fuel procurement
17 something, 4.5, and then 4.6, forest stewardship, and
18 then something blacked out. Okay. Well, I went through
19 the rest of the report and marked what is -- the table
20 of contents, they only black out something they don't
21 even want in the table of contents.

22 On the right side -- I guess I should let the
23 camera operator move it. I put red tags every place
24 something is blacked out. So what originally looked
25 like just a couple of things blacked out is actually a

1 tremendous amount. And I don't even get down to forest
2 stewardship. Down at the bottom we're getting into
3 billing and payment. But these critical areas of prices
4 and fuel procurement, when you go to those pages in the
5 document, this is what you get, contract prices. It
6 still shows in the table of contents. This is what you
7 get to read. This is the next page, and this is the
8 next page, and this is the next page down to fuel
9 procurement. Forest stewardship -- and all of this has
10 been redacted, so they say, as trade secrets.

11 Now it boggles the mind and it defies my
12 credulity to believe that all of this redaction is
13 necessary. And I know for one thing, it is chilling on
14 public comment, it is chilling on public participation,
15 and there is no way that this facility should be
16 approved and allowed this usurpation of public control
17 of their public utility.

18 The additional sections of the table of
19 contents, you'll see the redacting, the blackout
20 continues throughout this contract. Page after page of
21 the table of contents, everything red has a blackout on
22 it. Even when you get down to the appendices,
23 definitions are blacked out. So how can you expect the
24 public to have a reasonable opportunity to comment on
25 this proposed plant when the first thing they confront

1 is this obfuscation and blacking out of public scrutiny
2 in the Sunshine State?

3 **COMMISSIONER EDGAR:** Mr. Bussing, do you have
4 other points for us?

5 **MR. BUSSING:** Yes. I'm at my last note.

6 I ask the Public Service Commission to do the
7 right thing, open up this contract so that the citizens
8 can make informed comments. Then and only then restart
9 the process with adequate notice so that the public can
10 comment with knowledge. Don't leave us here in the
11 dark.

12 I have many other comments, but I thought this
13 pertained and was worth bringing to your attention. It
14 is intolerable and I'm embarrassed as a former elected
15 official that this is what our city has done to its
16 citizens. Thank you.

17 **COMMISSIONER EDGAR:** Thank you, Mr. Bussing.
18 Tom Cunilio.

19 **TOM CUNILIO**

20 appeared as a witness and, swearing to tell the truth,
21 testified as follows:

22 **DIRECT STATEMENT**

23 **MR. CUNILIO:** Hello.

24 **COMMISSIONER EDGAR:** Hello.

25 **MR. CUNILIO:** Yes, that is my name, Cunilio,

1 C-U-N-I-L-I-O. Thank you very much, Commissioners, for
2 coming to Gainesville, and I'll try to be brief.

3 The -- I need to refer to a comment that Tom
4 Bussing made. I am a resident of the City of
5 Gainesville and I do purchase electricity and energy
6 from, from Gainesville, wastewater, the whole nine
7 yards. I also am the coordinator for a, a USDA
8 connected RC&D council. You folks probably don't know
9 what RC&D councils are. They're all over the country.
10 They stand for resource conservation and development,
11 RC&D. Our council is called Florida, North Central
12 Florida Renewable RC&D Council. We've been in existence
13 since 1989 officially. I'm the coordinator. Many
14 people here in the audience have attended our meetings
15 because we cover five counties.

16 Our focus is resource conservation and
17 development. And there's 380 of these councils all over
18 the country. We aren't funded by the USDA. We rely on
19 corporate sponsorships. We have to admit that, and
20 we're happy to admit that GRU is one of our corporate
21 sponsors, because we have been involved in this process
22 for many years. And I want to tell you a little bit
23 about that.

24 The reason that this project I think is, is so
25 very important for the State of Florida and could be

1 used as a model, not necessarily the size we're talking
2 about, is because this is the home to the, of the Land
3 Grant Institution in the State of Florida, and you're
4 all aware of that. Some of the early architects of this
5 biomass energy plant back in the '70s and '80s need to
6 be, need to be recognized. Alex Green, first tier of
7 the older guys right now, Dr. Alex Green from
8 engineering, not part of the School of Agriculture, but
9 the rest are. Dr. Gordon Prime from the Agronomy
10 Department, Energy Crop Research, Don Post from the
11 School of Forestry. The next generation of, of scholars
12 in this, in this city who contribute to the, to the
13 city's intellectual aura and technical proficiencies
14 were Wayne Smith also from the School of Forestry, Don
15 Rockwood from the School of Forestry, and Lonnie Ingram,
16 who probably, many of, some of us probably already know
17 from microbiology, cellulosic ethanol, the five
18 millionth patent came from the, from this great
19 institution. And, again, it's the ag school that
20 produced so many students. I was a product of, my
21 second degree, a product of the University of Florida
22 Agronomy Department in research energy, fast growing
23 energy trees in the Agronomy Department of all places.

24 So the, the minor, a minor player in this, in
25 this process, and it began actually in the '90s, has

1 been the Florida Renewable, North Central Florida
2 Renewable RC&D Council. I have two -- we've met several
3 times. We meet every month just about.

4 There are two documents I want to submit for
5 the record. A meeting last year right after the City
6 Commission voted to award the contract to then
7 Nacogdoches before the contract was negotiated but award
8 the best proposal to Nacogdoches. We met right after
9 that meeting and had a special meeting. I have minutes
10 of that meeting where we discussed what we liked and
11 what we didn't like. Part of what we didn't like was
12 the redacted contract that actually came, came later.

13 Tom Bussing just stated that our group was
14 appalled by the size of the plant. That's not true. We
15 were surprised because the, the initial numbers that we
16 provided the GRU in 2003 was all based on the waste wood
17 potential for the area. And Dr., Dr. Post conducted
18 that study. We found 16 megawatts of sustainable waste
19 wood from forestry operations in 2003. That was the
20 very first study that was done.

21 GRU very wisely cut that back and said let's
22 use half of that and say we've got 30 megawatts of waste
23 wood. Now, you know, how they got from, from 30 to
24 100 is an entirely different story. We obviously are
25 talking about the other sources of waste wood and we're

1 going out further than we did in the original study. We
2 just considered the first 25-mile radius around
3 Deerhaven. We're looking at 75 miles now.

4 Our council has seriously looked at ways to,
5 to actually bring down the cost of the electricity, not
6 necessarily the biomass. We think that the biomass
7 producers in this area are already hanging on by their
8 nails economically. As you probably know, pulpwood is
9 where most of this material is coming, saw logs much
10 less so. Pulpwood for the producer, for, for Mr. Bryan
11 Olmert back there who spoke with you, is \$5 or \$6 a ton
12 on the stump. The middlemen bring, bring the price up
13 not even to \$20 a ton. Therefore, part of the reason
14 we're not getting replanted is the low load price of
15 pulpwood.

16 The pulpwood industry is declining very, very
17 slow in the state unfortunately. Buckeye Cellulose is
18 the leader, and we're going to them with an outreach
19 plan, we're going to them to help us with an outreach
20 proposal to the State of Florida which we'll be
21 presenting to the Governor's Energy Office to get
22 outreach to 15 counties to educate folks, to bring
23 information to folks in small city workshops from all,
24 all the players that, that we think need to be involved.
25 Legislators, Debbie Boyd's office -- her assistant is

1 here today, I hope she's going to talk -- and all the
2 way up to the utilities need to get the picture of how
3 we bring in this logging debris. We've been working on
4 that. The logging debris is not an easy task. To bring
5 in logging debris is not an easy task. We're working on
6 that with John Deere and other people. So I'll submit
7 these --

8 **COMMISSIONER EDGAR:** You said you had some
9 documents for us, minutes of a meeting?

10 **MR. CUNILIO:** I have these two documents I'd
11 like to leave with you. And that's about it. Thanks a
12 lot.

13 **COMMISSIONER EDGAR:** Thank you. If you would
14 bring that forward to our staff. And, Mr. Sayler, that
15 will be Number 6 -- or Number, Number 5. I apologize.
16 Five; correct?

17 **MR. SAYLER:** Number 5.

18 **COMMISSIONER EDGAR:** Number 5.

19 **MR. SAYLER:** And I would, this would be --

20 **MR. BUSSING:** Madam Commissioner, I neglected
21 to insert my comments just before Mr. Cunilio. I'm
22 paginating and --

23 **COMMISSIONER EDGAR:** Okay. And hold on one
24 second. I didn't realize you had that. Let's mark this
25 and we can --

1 **MR. BUSSING:** It might help to keep it in
2 order with the transcript.

3 **COMMISSIONER EDGAR:** Do you want to do that?
4 Why don't we do that. Why don't we do that. Okay.

5 **MR. SAYLER:** Yes, that's fine. This will
6 be --

7 **COMMISSIONER EDGAR:** So, Mr. Bussing, if you
8 would, if you have comments for us, if you'd go ahead
9 and bring those up to our staff. Come on up, if you
10 will.

11 **MR. BUSSING:** Yes. I'm paginating that.

12 **COMMISSIONER EDGAR:** Okay. That will work
13 too.

14 So Exhibit 5 will be the information from
15 Mr. Bussing, which we will label in just a moment.

16 Exhibit 6 will be the information from
17 Mr. Cunilio. Mr. Sayler, can you give us a title?

18 **MR. SAYLER:** For Exhibit 5 from Witness
19 Bussing we will say Comments from Witness Bussing.

20 **COMMISSIONER EDGAR:** Okay. That works.

21 (Exhibit 5 marked for identification.)

22 **MR. SAYLER:** And for Mr. Cunilio, it would be
23 Exhibits from North Central Florida Renewable RC&D
24 Council or --

25 **COMMISSIONER EDGAR:** We'll say, Minutes RC&D

1 Council, and that will work for our purposes today.

2 (Exhibit 6 marked for identification.)

3 Okay. Thank you, Mr. Sayler, for your help
4 there. Thank you, Mr. Bussing, for, for letting me know
5 that I had missed that. I apologize for that.

6 And that brings us to Russ Weber.

7 **RUSS WEBER**

8 appeared as a witness and, swearing to tell the truth,
9 testified as follows:

10 **DIRECT STATEMENT**

11 **MR. WEBER:** And that's W-E-B-E-R.

12 Thank you, Commissioners, PCS (sic.) staff.
13 I'm also a customer of GRU. I pay my fair share. I'm a
14 consulting forester and I've been a consulting forester
15 since 1977. My company has worked here in Alachua
16 County, we got started in 1972, and I've been here since
17 1988. As a consulting forester I'm also a certified
18 forester through the Society of American Foresters.

19 Working with landowners and a variety of types
20 of landowners, from small ones to large ones, the
21 typical landowner in Florida average size is probably
22 about a little over 100 acres or right around 100 acres.
23 And we deal with a lot of these tree farmers, if you
24 want to call them that. The vast majority of the
25 landowners that I have worked with over the years want

1 to grow larger trees. Larger trees have more value. In
2 order to get a larger tree, especially when you have a
3 pine plantation, you have to thin it. The earlier you
4 can thin these pine plantations, the faster you can grow
5 a larger tree; therefore, get, get value. If we could
6 get into plantations at a very early age, we would;
7 however, we can't. It's -- the cost from the standpoint
8 of a precommercial thinning, basically we would have to
9 pay somebody to do that. So a facility like this would
10 be very advantageous to landowners, especially here in
11 Alachua County and in the surrounding area.

12 It also improves forest health. We're very
13 concerned about forest health, opening up more sunlight
14 to the forest, reducing overcrowded pine plantations
15 from fire hazard standpoints, from a pine beetle
16 standpoint. So we definitely would like to see a
17 facility that could allow us to, to thin pine trees at a
18 very early age, earlier than what the pulpmills would be
19 taking this wood for.

20 A second thing that comes into play is the
21 amount of debris that we have to deal with when a
22 landowner wants to reforest. Reforestation costs have
23 been going up steadily over time. It costs today close
24 to \$300 an acre to reforest a piece of property. If we
25 can reduce some of that debris or get some of that

1 debris taken off the property and actually have it paid
2 for, that would be very, very advantageous to our
3 clients. A lot of this debris now we just have to pile
4 it. Burning it -- we'd, we'd love to burn it, but
5 because of the smoke difficulty, especially here in the
6 State of Florida, all the smoke hazard that we run into,
7 burning is done, but it's done on a very, very limited
8 basis. We would love to be able to get this debris
9 removed from the property.

10 And, and I guess from my own personal
11 standpoint, I'm reforesting a piece of land, restoring
12 it essentially up in Columbia County just north of here
13 to longleaf pine. I had to pay somebody, you know, this
14 is my profession, but I had to pay somebody to remove a
15 lot of low quality hardwood off of this site so that I
16 could come in and plant longleaf pine. I know I have
17 clients today who will not pay for that type of service.
18 They would like to get some sort of money for, for low
19 quality trees.

20 **COMMISSIONER EDGAR:** Mr. Weber, I think
21 Commissioner Klement has a question.

22 **COMMISSIONER KLEMENT:** Oh, I didn't want to
23 interrupt him, Madam Chair.

24 **COMMISSIONER EDGAR:** Oh, I'm sorry.

25 **MR. WEBER:** Oh. No. That's -- I'm pretty

1 much through. And, but from, from what I see out in the
2 marketplace as being a dirt forester, I get out there a
3 lot, I deal with a lot of landowners, this would be a
4 very favorable facility, especially if we can early thin
5 our plantations precommercial and also from the
6 standpoint of wood waste that we have to deal with in
7 reforestation efforts.

8 **COMMISSIONER EDGAR:** Thank you. Commissioner.

9 **COMMISSIONER KLEMENT:** Thank you, Madam Chair.

10 Just a question too, if you have any insight
11 into one of the comments that Mr., that Mr. Bussing made
12 regarding contracts in Georgia for hauling trees to
13 ships and shipping them to Germany. Is that
14 economically practical? And if it is, why aren't any of
15 the Florida mills or landowners doing that, or are they,
16 to your knowledge, as a forester?

17 **MR. WEBER:** Well, they do have one facility in
18 the panhandle of Florida that is taking a much larger
19 tree and making that into a fuel wood pellet, and that's
20 going to the European market.

21 **COMMISSIONER KLEMENT:** It is?

22 **MR. WEBER:** And I know some of those
23 facilities, I believe, are in Georgia. But it's usually
24 a much larger tree. They're not taking a very small
25 diameter tree of almost like a precommercial nature.

1 But that market is, is alive and well. I mean, it is
2 there. The European market wants, wants a small pellet
3 type product to burn in their facilities there too.

4 **COMMISSIONER KLEMENT:** Thank you.

5 **COMMISSIONER EDGAR:** Thank you. Thank you
6 very much.

7 **MR. WEBER:** Thank you. Uh-huh.

8 **COMMISSIONER EDGAR:** Dave Bruderly.

9 **DAVE BRUDERLY**

10 appeared as a witness and, swearing to tell the truth,
11 testified as follows:

12 **DIRECT STATEMENT**

13 **MR. BRUDERLY:** Good evening, Madam Chair. My
14 name is Dave Bruderly, B-R-U-D-E-R-L-Y. I'm a
15 Registered Professional Engineer in the State of Florida
16 since, I've been here since 1974 in Gainesville. I am a
17 customer of GRU, and, and one of the citizen, unpaid
18 citizen consultant activists who have been for the past
19 ten years pushing to get us to the point where we can
20 actually do things cleaner, safer and more efficiently,
21 and also reduce our carbon footprint.

22 My business is trying to reduce our carbon
23 footprint in the transportation sector by moving us to
24 low carbon or zero carbon motor fuels, hydrogen natural
25 gas and the advanced biofuels, bioethanol and diesel

1 grown in a sustainable manner. And I kind of got on to
2 this pathway in 1990 as we entered the first Gulf War.
3 And had I known then what I know now, I probably would
4 have just retired from my previous career, which is as
5 an environmental engineering consultant, which gave me a
6 technical background in all of this, and having been
7 involved in the permitting for operation of steam
8 boilers using Bunker C natural gas, diesel fuel, coal,
9 Crystal River 4 and 5, we got permits for that, as well
10 as nuclear.

11 Subsequent to '90, because of some of, the
12 fact that I learned that you cannot really start a
13 business promoting renewable energy and cleaner low
14 carbon fuels until you get the policy right, I devolved
15 from being a consultant engineer and professional and
16 business guy into becoming a politician and trying to
17 get elected to office running for Congress on an energy
18 platform that would basically break our addiction to
19 petroleum fuels. We're not doing a very good job on
20 decarbonizing our economy, nor have we yet done a very
21 good job of breaking our addiction to petroleum fuels.

22 And I have, because of my environmental
23 science background and the fact that I spent a year in
24 the Pacific on an oceanographic research vessel with
25 Lamont Geological Observatory when I was very young and

1 I saw the evidence of climate change in the cores of mud
2 that we pulled out of the bottom of the Pacific Ocean
3 and the variability that was natural, I've been a
4 student of the science of climate change for my entire
5 career. And I became convinced in 1990 when we had
6 strong carbon footprints, fingerprints of the isotope
7 ratios of carbon in the atmosphere starting to show a
8 strong fossil fuel component, a much stronger fossil
9 fuel component than in the geologic record, and when we
10 saw the data from Hawaii that showed the, the rise in
11 carbon in the upper atmosphere, carbon dioxide in the
12 upper atmosphere, which is now 385 parts per million
13 volumetric, in 1990 I became a strong believer that we
14 needed to decarbonize our economy and do it in ways that
15 made, with dispatch and made good business sense.

16 So I'm here I guess to ask you to not do
17 anything that would discourage GRU from moving forward
18 with this project with dispatch. We can debate about
19 effects of soil carbon on the, on the global atmosphere,
20 but today we can't really answer the question
21 definitively. What we do know -- we can debate whether
22 or not temperatures have been rising or falling in the
23 past ten years.

24 And I saw a presentation on C-SPAN last night
25 from a Congressman from California that just made me

1 sick because he called me a radical environmentalist and
2 he called me some other names that I can't remember
3 because I believe in the science and the scientific
4 process. And the man showed a profound ignorance of
5 some of the basic fundamentals of thermodynamics and
6 physics and chemistry and biochemistry that govern how
7 this planet functions. I think I understand these
8 things. And what I am seeing in the climate signatures
9 and in the carbon footprint of human activity, not just
10 in fossil fuel emissions but also in land use changes,
11 is that we have a serious problem that we're handing off
12 to our kids and my four grandchildren. And in 1990 I
13 dedicated the balance of my professional energy to
14 trying to change the policies so that we can perhaps
15 mitigate what could be what I call climate chaos, not
16 just climate change, but climate chaos, and do it -- but
17 we have to do it in ways that work economically.

18 And this project is a financial risk for GRU.
19 I am a member of the RC&D council that Mr. Cunilio
20 coordinates. I'm also a past Chair of the Suwannee/St.
21 Johns group of the Sierra Club. And I think that there
22 is some risk to this project, but I think it's a
23 calculated risk and a reasonable risk that we need to
24 take.

25 The cost of mitigation of climate change is

1 infinitesimal to the cost of accommodation if some of
2 the worst-case scenarios happen. And you can disparage
3 the models and, you know, make fun of, of models that
4 maybe predict sea level rise being anywhere from one
5 meter to 50 meters in the next 200 years, but the fact
6 is that the sea level is going to change and right now
7 it's going up. And I don't want us to do anything to
8 accelerate it because the State of Florida frankly has
9 too much to lose.

10 And we're already seeing in Dade County just
11 the cost of accommodating a little bit of groundwater
12 rise related to sea level rise will negate the
13 restoration of the Everglades, it'll destroy the
14 subgrade utilities that are in place, require investment
15 of hundreds and hundreds of billions of dollars to just
16 accommodate a one or two meter sea level rise. So for
17 us to delay any project that promises to reduce our
18 carbon footprint to me is irresponsible, if not worse.

19 **COMMISSIONER EDGAR:** Mr. Bruderly, do you have
20 a closing thought for us?

21 **MR. BRUDERLY:** I didn't know you were taking
22 testimony. Are you -- you're doing this again -- can I
23 send you testimony by e-mail?

24 **COMMISSIONER EDGAR:** Mr. Sayler, what is the
25 appropriate mechanism for Mr. Bruderly to get us

1 additional comments?

2 **MR. SAYLER:** The -- you can submit a
3 late-filed exhibit. That exhibit would need to be
4 examined by the utility. And if the utility is okay
5 with that being entered into the record at the time of
6 the hearing, then that could also become part of the
7 record.

8 **COMMISSIONER EDGAR:** What I would ask is that,
9 and we'll make sure -- I think you have our contact
10 information because I know you've testified many times.

11 **MR. BRUDERLY:** I think so. Yes.

12 **COMMISSIONER EDGAR:** But Mr. Sayler can give
13 you his. And if you have something that you can e-mail
14 to us, it would be most desirable if you could get it to
15 us before the hearing begins Wednesday morning at 9:30.

16 **MR. BRUDERLY:** That's a, that's a week; right?

17 **COMMISSIONER EDGAR:** That is, yes.

18 **MR. BRUDERLY:** A week. My son is getting
19 married this weekend, so things are kind of crazy.

20 **COMMISSIONER EDGAR:** Congratulations.

21 **MR. BRUDERLY:** But the concept -- what I
22 would -- the testimony that I would want to put in the
23 record is that we have to start looking at life cycle
24 carbon footprints, carbon emissions on energy decisions,
25 whether it's electric power generation, no matter what

1 the fuel, and/or whether it's a transportation fuel.
2 Life cycle carbon emissions. And we're not doing that
3 right now and we need to do that. That's just as
4 important as anything else we're talking about.

5 And I can submit a paper where I've
6 basically -- since this work has not been done here in
7 Florida, some of this work has been done outside the
8 state and specifically in California. And if you look
9 at the carbon footprint of electrical power generation
10 in California, which right now is heavily fossil even
11 though they have an almost 20 percent renewable in
12 nuclear component, it's very similar to Florida. And
13 the carbon footprint of electricity in California is
14 40 percent higher than the carbon footprint of gasoline
15 in a conventionally powered vehicle today, just to give
16 you a point of reference. So we have -- 40 percent of
17 our carbon problem is transportation, 40 percent of it
18 is electric power generation, 20 percent is in other
19 areas according to DEP and the work they've done. We've
20 got to bring all of that stuff down 20 percent in the
21 next ten to 15 years, and we've got to bring it down
22 80 percent by 2050 if we're going to come close to doing
23 what Governor Crist asked us to do. And we can't do
24 that by debating how many angels are sitting on the head
25 of this pin. We need to basically build it. And we can

1 still do the analysis. As Tom mentioned, we have a
2 fantastic research university here.

3 **COMMISSIONER EDGAR:** Yes, we do.

4 **MR. BRUDERLY:** And the people here need to be
5 empowered to do that.

6 **COMMISSIONER EDGAR:** Mr. Bruderly, I'm going
7 to ask Mr. Sayler to give you -- I'm sorry. I'm going
8 to ask Mr. Sayler to give you his contact information.
9 And if you do have other thoughts that you would like to
10 submit to us in writing, e-mail it to Mr. Sayler. And
11 we'll, of course, work with the parties and make sure
12 that it is distributed and handled appropriately. Thank
13 you, Mr. Bruderly.

14 And that brings us to Matt Langholtz, who is
15 the last person that I have on the list before me.

16 **MATT LANGHOLTZ**

17 appeared as a witness and, swearing to tell the truth,
18 testified as follows:

19 **DIRECT STATEMENT**

20 **MR. LANGHOLTZ:** Good evening, Commissioners.

21 **COMMISSIONER EDGAR:** Good evening.

22 **MR. LANGHOLTZ:** My name is Matt Langholtz. I
23 am a GRU customer. I'm also coauthor of the IFAS study,
24 the IFAS supply study that was referenced earlier. I
25 just wanted to offer a quick maybe point of

1 clarification.

2 The elasticity of supply of pulpwood was
3 mentioned earlier, and I just wanted to clarify while
4 the elasticity of supply of pulpwood is pretty well
5 documented, and in our study we referenced other, you
6 know, other references of that elasticity, the
7 elasticity of the supply of pulpwood is only really
8 relevant to the extent that you use pulpwood of course.
9 So if all the biomass supply were to use pulpwood, then
10 there would be some price increase. If none of it uses
11 pulpwood, there would be no price increase. The reality
12 is probably somewhere in between. I just wanted to
13 clarify we didn't necessarily conclude a price spike
14 because of this plant or anything like that. The study
15 is online.

16 I think the scenario that was referenced
17 earlier was one of six supply scenarios. So in a very
18 conservative scenario where we only use pulpwood for all
19 all 40, all three 40 megawatt facilities or something
20 like that there was some price increase. I want to say
21 it was going from something like maybe \$10 per ton to
22 \$15 per ton on the stump.

23 But something else to consider, that stumpage
24 price is only one portion of the total delivered cost,
25 so it really wasn't, we weren't anticipating a price

1 spike with the levels of supply that we're looking at
2 here. And that report is online. I just wanted to
3 offer that clarification.

4 **COMMISSIONER EDGAR:** Thank you.

5 **MR. LANGHOLTZ:** Thanks.

6 **CHAIRMAN EDGAR:** Commissioners? No questions.
7 Thank you very much.

8 As I said, that is the last name that I have
9 on the list that has been brought to me from the front.
10 May I just ask very briefly -- Mr. Cunilio.

11 **MR. CUNILIO:** I'm sorry, Commissioner Edgar. I
12 forgot to mention that in the minutes that we submitted
13 for the record, the special, the special meeting of the
14 RC&D council concluded that we are, are in favor, were
15 in favor of the biomass plant. I didn't mention that.

16 **COMMISSIONER EDGAR:** I did have that
17 impression, but I thank you for being clear for us.

18 Okay. I want to thank everyone who has come
19 this evening, those of you who spoke and those who came
20 to listen. Thank you for joining us. Thank you to the
21 Mayor and to the City Commissioners for your hard work
22 and thank you for your participation this evening, and
23 thank you for letting us use this wonderful, wonderful
24 facility.

25 Commissioners? Commissioner Skop.

1 **COMMISSIONER SKOP:** Thank you, Madam Chair.

2 And, again, I'd like to thank everyone for
3 taking the time to come out this evening. It's very
4 important for the Commission to hear from members of the
5 community with respect to any project that comes before
6 the Commission for approval. So, again, I'd like to
7 thank each and every one of you for your time this
8 evening. Thank you.

9 **COMMISSIONER EDGAR:** Commissioner Klement.

10 **COMMISSIONER KLEMENT:** Only to -- thank you,
11 Madam Chair. Just to echo what Commissioner Skop said,
12 it's been enlightening to me. And I'm impressed with
13 how well this City Commission has been able apparently
14 to marshal its officials and its citizens to get
15 something done. You should perhaps take this on the
16 road down to Sarasota or Bradenton, because they don't
17 seem to be able to get their act together very well by
18 my experience. So I congratulate you on that. Thank
19 you.

20 **COMMISSIONER EDGAR:** All right. Thank you,
21 and to our staff, and we are adjourned.

22 (Public hearing adjourned at 8:52 p.m.)

23

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

STATE OF FLORIDA)
 :
COUNTY OF LEON)

CERTIFICATE OF REPORTER

I, LINDA BOLES, RPR, CRR, Official Commission Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorneys or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 14th day of December, 2009.

Linda Boles
LINDA BOLES, RPR, CRR
FPSC Official Commission Reporter
(850) 413-6734