

State of Florida

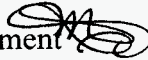


## Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

**-M-E-M-O-R-A-N-D-U-M-**

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**DATE:** May 26, 2010  
**TO:** Ann Cole, Commission Clerk  
**FROM:** Mark Long, Assistant to Commissioner Klement   
**RE:** Docket #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.

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This office has received the attached letter from David and December McSherry regarding the above-noted docket.

The letter has not been viewed or considered in any way by Commissioner Klement and by virtue of that fact, the letter does not constitute an ex parte communication. Please place a copy of the correspondence in the record of the above-referenced docket.

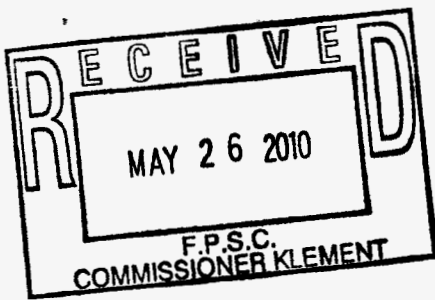
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Attachment

DOCUMENT NUMBER-DATE

04435 MAY 26 0

FPSC-COMMISSION CLERK



*David and December McSherry  
15212 SW 79<sup>th</sup> Avenue  
Archer, Florida 32618*

May 20, 2010

Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

Re: **Docket 090451**

Dear Chairwoman Argenziano, and *Commissioner David E. Clement*

We are farmers near Archer, Florida. We have been living on and working our farm since 1974. We are customers of Clay Electric Co-op, as such, we are customers of Gainesville Regional Utilities.

We are asking the commissioners of the Public Service Commission to deny the certification of need applied for by GRU/GREC.

Please vote no to this unnecessary and unaffordable proposal.

This proposed new plant will likely result in the forced shutdown of power plants representing considerable investment by the ratepayers. The contract with GREC requires GRU to buy 100% of the production of the wood burner, absent the ability of GRU to sell this power out of town, the local customers will be required to buy this expensive electricity and shutdown perfectly capable plants. These perfectly capable plants represent large and historic public investment.

Customers are using much less energy than expected, a new power plant is not needed.

GRU has experienced sharp declines in electric sales the last few years due to economic factors. High vacancy rates in apartments, commercial buildings and homes continue upward. Foreclosure rates are skyrocketing in our community.

The lower sales and resulting decreased revenues, are requiring the Electric System to draw significantly upon its Rate Stabilization reserves. In FY09, Gainesville withdrew \$11.5 million and in FY10, \$8.0 million.

The primary electric power source Deerhaven Unit 2, a 228 MW coal burner, is only twenty-eight years old and provides 74.1% net power generation. This is young for this type of power plant. With reasonable and proficient maintenance this plant can efficiently operate for another thirty years.

Ratepayers have recently invested millions of dollars to bring Deerhaven Unit 2 Power Plant into compliance with federal air quality pollution standards.

Construction of the \$141 million air quality control system (AQCS) was completed in May, 2009 to meet regulatory requirements. The new emissions control system includes a selective catalytic reduction system (SCR), dry flue gas desulfurization and a fabric filter. This system is designed for a greater than 95% SO<sub>2</sub> removal efficiency. The SCR system is designed to achieve 90% NO<sub>x</sub> removal efficiency.

Ratepayers have made expensive investments to replace components parts for seven combustion turbines.

These improvements will provide additional continuous capacity.

A total project budget of \$14.9 million has been included in fiscal years FY09 thru FY12 for the Deerhaven Unit 2 Turbine Improvement Project. The capital budget includes further plans to replace the boiler drum, waterwalls, superheaters, reheaters, economizer and associated headers.

There needs to be public discussion and investigation to install combined cycle boilers on the Deerhaven plant. This type of investment and construction would provide up to 30 megawatts more electrical power.

The 117 MW Natural Gas J.R. Kelly Generating Station combined-cycle generating unit provides 20% electricity to Gainesville.

Ratepayers have invested significantly to make improvements over the past 15 years. This power plant performs a valuable service diversifying the fuel source of the utility. Gas is produced and supplied by an established industry, well capitalized and innovating constantly. Gas comes through the Florida Gas Transmission interstate pipeline. Customers are paying 36% less for this natural gas fuel with the reduced purchased gas adjustment.

In 2007, GRU expanded the plant to allow for load growth for downtown Gainesville. This power plant is efficient, clean and cost-effective. Major overhaul expenditures for JR Kelly plant are also included in FY10-11 capital budget. The expected retirement of this plant is 2051.

This fleet of generators operated by GRU are capable of supplying the customers for at least another thirty to forty years.

The proposed wood fueled power plant is an obsolete technology now, a pollution monster that will be extremely expensive to retrofit with air pollution controls. Expensive pollution controls not currently planned for and will be required by new EPA regulations.

Fresh cut wood yields 2,000 Btu/lb of energy available compared with coal yielding 12,800 Btu/lb. This will make delivery cost/Btu of wood 7 times higher than coal. 200 diesel semi trucks will deliver the 3,250 tons of wood daily, creating smog and making our roads unsafe.

The wood fuel supply system is currently nonexistent; the suggested schemes for supplying fuel poorly thought out and based on wishful thinking. The estimates for the supply of wood available are driven by vague and dubious data. The fuel supply estimates ignored the demands of the current forest products industries. The competition for the dwindling supplies will be fierce.

GRU has not been candid or clear about wood fuel prices/MMBtu, yet GRU documents coal, gas, residual and distillate fuel oil prices. This is unfair and risky for the ratepayers.

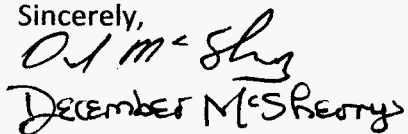
Proven generation plants with decades of service life left will very likely become stranded assets under the terms of this proposal.

The market for electricity has been flat or slightly retracting for several years. There is no reason to assume this will change in Florida in the next decade.

Gainesville Regional Utilities has a 62% overcapacity in supply. There is no need for this plant.

The proposal for a new power plant is an expensive risk for ratepayers.

Sincerely,

Handwritten signature in cursive script, appearing to read "David and December McSherry".

David and December McSherry

cc. Public Service Commissioners

David & Deborah M. Sherry  
15212 SW 29 Ave.  
Archer, FL 32618

GAINESVILLE FL 326

20 MAY 2010 PM 1 P



Commissioner David E. Clement  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

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