

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition to determine need for
modernization of Port Everglades Plant, by
Florida Power & Light Company.

DOCKET NO. 110309-EI
ORDER NO. PSC-12-0063-PHO-EI
ISSUED: February 13, 2012

PREHEARING ORDER

BY THE COMMISSION:

Pursuant to Notice and in accordance with Rule 28-106.209, Florida Administrative Code (F.A.C.), a Prehearing Conference was held on January 31, 2012, in Tallahassee, Florida, before Commissioner Eduardo Balbis, as Prehearing Officer.

APPEARANCES:

JOHN T. BUTLER, ESQUIRE, WILL P. COX, ESQUIRE and MARIA J. MONCADA, ESQUIRE, 700 Universe Boulevard, Juno Beach, Florida 33408-0420

On behalf of Florida Power & Light Company (FPL).

CHARLES W. MURPHY, ESQUIRE, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850

On behalf of the Florida Public Service Commission (Staff).

MARY ANN HELTON, Deputy General Counsel, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850

Advisor to the Florida Public Service Commission.

PREHEARING ORDER

I. CASE BACKGROUND

On November 21, 2011, Florida Power & Light Company ("FPL" or "Company") filed a Petition to Determine Need for Modernization of Port Everglades Plant pursuant to Sections 366.04 and 403.519, Florida Statutes ("F.S."), and Rules 25-22.080, 25-22.081, 25-22.082 and 28-106.201, F.A.C. On November 28, 2011, the Florida Public Service Commission ("Commission") issued a Notice of Commencement of Proceedings pursuant to Rule 25-22.080(3), F.A.C. An Order Establishing Procedure was issued on December 9, 2011. The matter is scheduled for a formal administrative hearing on February 20, 2012.

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

II. CONDUCT OF PROCEEDINGS

Pursuant to Rule 28-106.211, F.A.C., this Prehearing Order is issued to prevent delay and to promote the just, speedy, and inexpensive determination of all aspects of this case.

III. JURISDICTION

This Commission is vested with jurisdiction over the subject matter by the provisions of Chapters 120, 366, and 403, F.S. This hearing will be governed by said Chapter and Chapters 25-6, 25-22, and 28-106, F.A.C., as well as any other applicable provisions of law.

IV. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

Information for which proprietary confidential business information status is requested pursuant to Section 366.093, F.S., and Rule 25-22.006, F.A.C., shall be treated by the Commission as confidential. The information shall be exempt from Section 119.07(1), F.S., pending a formal ruling on such request by the Commission or pending return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been made a part of the evidentiary record in this proceeding, it shall be returned to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of this proceeding, it shall be returned to the person providing the information within the time period set forth in Section 366.093, F.S. The Commission may determine that continued possession of the information is necessary for the Commission to conduct its business.

It is the policy of this Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 366.093, F.S., to protect proprietary confidential business information from disclosure outside the proceeding. Therefore, any party wishing to use any proprietary confidential business information, as that term is defined in Section 366.093, F.S., at the hearing shall adhere to the following:

- (1) When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary staff, and the court reporter, in red envelopes clearly marked with the nature of the contents and with the confidential information highlighted. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material.
- (2) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise confidentiality. Therefore, confidential information should be presented by written exhibit when reasonably possible.

At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit

has been admitted into evidence, the copy provided to the court reporter shall be retained in the Office of Commission Clerk's confidential files. If such material is admitted into the evidentiary record at hearing and is not otherwise subject to a request for confidential classification filed with the Commission, the source of the information must file a request for confidential classification of the information within 21 days of the conclusion of the hearing, as set forth in Rule 25-22.006(8)(b), F.A.C., if continued confidentiality of the information is to be maintained.

V. PREFILED TESTIMONY AND EXHIBITS; WITNESSES

Testimony of all witnesses to be sponsored by the parties (and Staff) has been prefiled and will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and associated exhibits. All testimony remains subject to timely and appropriate objections. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. Each witness will have the opportunity to orally summarize his or her testimony at the time he or she takes the stand. Summaries of testimony shall be limited to five minutes.

Witnesses are reminded that, on cross-examination, responses to questions calling for a simple yes or no answer shall be so answered first, after which the witness may explain his or her answer. After all parties and Staff have had the opportunity to cross-examine the witness, the exhibit may be moved into the record. All other exhibits may be similarly identified and entered into the record at the appropriate time during the hearing.

The Commission frequently administers the testimonial oath to more than one witness at a time. Therefore, when a witness takes the stand to testify, the attorney calling the witness is directed to ask the witness to affirm whether he or she has been sworn.

The parties shall avoid duplicative or repetitious cross-examination. Further, friendly cross-examination will not be allowed. Cross-examination shall be limited to witnesses whose testimony is adverse to the party desiring to cross-examine. Any party conducting what appears to be a friendly cross-examination of a witness should be prepared to indicate why that witness's direct testimony is adverse to its interests.

VI. ORDER OF WITNESSES

Witness Gnecco shall be excused from this hearing. Each witness whose name is followed by an asterisk (*) shall be excused from this hearing if no Commissioner assigned to this case seeks to cross-examine the particular witness. Parties shall be notified as soon as possible whether any such witness will be required to be present at the hearing. The testimony of excused witnesses shall be inserted into the record as though read, and all exhibits submitted with those witnesses' testimony shall be identified as shown in Section IX of this Prehearing Order and admitted into the record. Witness Silva shall provide no live summary of his prefiled direct testimony. However, witness Silva shall be available at the hearing to provide sworn testimony in response to questions by Commissioners regarding FPL's modernization of the Port

Everglades Plant; his prefiled direct testimony shall be inserted into the record as though read and his exhibits shall be identified and admitted into the record.

<u>Witness</u>	<u>Proffered By</u>	<u>Issues #</u>
<u>Direct</u>		
Rene Silva Senior Director, Resource Assessment and Planning	FPL	1, 2, 3, 4, 5, 6
John C. Gnecco IV (Excused) Director, Project Development for Fossil Generation	FPL	1, 3, 4, 6
Dr. Rosemary Morley * Director, Load Forecasting and Analysis	FPL	1, 3, 6
Heather C. Stubblefield * Manager, Project Development in Energy Marketing and Trading	FPL	1, 4, 6
Kennard F. Kosky * Principal Golder Associates, Inc.	FPL	5, 6
Pedro Modia * Director, Transmission Services and Planning	FPL	1, 3, 5, 6
Juan Enjamio * Supervisor Integrated Analysis, Resource Assessment and Planning	FPL	1, 2, 3, 4, 5, 6

VII. BASIC POSITIONS

FPL: FPL proposes to build at the existing Port Everglades plant site, a modern, highly efficient, state-of-the-art combined cycle (“CC”) natural gas unit with about 1,277 MW (summer) of generation for commercial operation beginning in June 2016. This generation addition will replace the 1960s-era oil and natural gas steam units

that are currently in Inactive Reserve status at the Port Everglades site and will allow FPL to meet a projected need for additional capacity that begins in 2016.

Due to its efficient technology, PEEC is expected to save FPL's customers as much as \$838 million cumulative present value revenue requirements ("CPVRR") in electricity costs compared to other self-build alternatives and at least \$900 million compared to third party-build alternatives. Moreover, PEEC will be equipped with the best technology available from an environmental perspective. PEEC's features and design can meet existing and anticipated future environmental requirements and will substantially reduce CO₂, NO_x, SO₂ and PM emissions. PEEC's state-of-the-art technology will also improve the heat rate, which, in turn, will drive a substantial reduction in natural gas and fuel oil usage compared to the existing generation units or simple cycle units.

Additionally, PEEC's strategically located plant site substantially benefits customers in many ways. Having a generation site located in Broward County will allow FPL to serve its most concentrated load territory without the need to import large amounts of power over long distances and will avoid approximately \$638 million in costs for new transmission facilities that would otherwise be necessary. Moreover, PEEC avoids utilization of new land, new Florida water resources, and new rights-of-way for transmission and gas pipeline facilities that would be necessary to achieve the same generation capacity already available at Port Everglades.

For these reasons, and those set forth more fully in FPL's Petition and prefiled testimony, FPL satisfies the statutory elements for granting an affirmative determination of need for PEEC pursuant to Section 403.519, Florida Statutes.

STAFF: Staff's positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff's final positions will be based upon all the evidence in the record and may differ from the preliminary positions stated herein.

VIII. ISSUES AND POSITIONS

ISSUE 1: Is there a need for the proposed modernization of Florida Power & Light's Port Everglades plant, taking into account the need for electric system reliability and integrity, as this criterion is used in Section 403.519(3), Florida Statutes?

POSITIONS

FPL: Yes. There is a need for PEEC, taking into account the need for electric system reliability and integrity. After accounting for all projected Demand Side Management ("DSM") from cost-effective programs approved by the

Commission, FPL has future generating capacity starting at about 284 MW in 2016 and growing to 1,468 by 2021. PEEC will provide 1,277 MW of highly efficient capacity to help satisfy this need. Furthermore, PEEC will be a highly reliable source of energy, with a projected equivalent availability factor of approximately 95.4%. PEEC will also be highly reliable in terms of fuel supply because its coastal location facilitates the receipt of light oil backup fuel via both truck delivery and waterborne transportation, and because light oil will be stored on site in sufficient quantities to allow PEEC to operate at full capacity for approximately 72 hours. Additionally, PEEC is favorable from a transmission reliability perspective because it reduces the load-to-generation imbalance in the Miami-Dade and Broward County area and also provides voltage support.

STAFF: Staff has no position at this time.

ISSUE 2: Are there any renewable energy sources and technologies or conservation measures taken by or reasonably available to Florida Power & Light Company which might mitigate the need for the proposed modernization of Florida Power & Light's Port Everglades plant?

POSITIONS

FPL: No. FPL's forecast of resource needs takes into account all projected DSM from cost-effective programs approved by the Commission. Additional cost-effective DSM cannot be counted on to contribute to system reliability. Similarly, all anticipated cost-effective firm generating capacity that will be available from renewable resources and qualifying facilities through 2016 is already reflected in FPL's resource plan.

STAFF: Staff has no position at this time.

ISSUE 3: Is there a need for the proposed modernization of Florida Power & Light's Port Everglades plant, taking into account the need for adequate electricity at a reasonable cost, as this criterion is used in Section 403.519(3), Florida Statutes?

POSITIONS

FPL: Yes. There is a need for PEEC, taking into account the need for adequate electricity at a reasonable cost. The estimated total installed cost for PEEC is \$1,185 million, in 2016 dollars. PEEC will take advantage of an existing site, existing infrastructure and existing connectivity to FPL's transmission system, thereby eliminating the costs for those components. Furthermore, FPL's analyses show that the resource plan that includes PEEC in 2016 will save customers \$425

million to \$838 million CPVRR as compared to the other available self-build alternatives, and at least \$900 million CPVRR compared to third party-build alternatives. Accordingly, PEEC will provide needed electricity at a reasonable cost.

STAFF: Staff has no position at this time.

ISSUE 4: Is there a need for the proposed modernization of Florida Power & Light's Port Everglades plant, taking into account the need for fuel diversity, as this criterion is used in Section 403.519(3), Florida Statutes?

POSITIONS

FPL: Yes. There is a need for PEEC, taking into account the need for fuel diversity. PEEC will be fueled by natural gas, and to enhance fuel supply reliability, it will use light oil as a backup fuel. Compared to returning to service the existing units at Port Everglades, adding PEEC will improve the plant's heat rate by 35% and will improve FPL's overall system heat rate by 1.3%. The improved heat rate, in turn, will reduce FPL's use of natural gas by about 90 million MMBtu and fuel oil by about 10.4 million barrels over a 30-year period.

STAFF: Staff has no position at this time.

ISSUE 5: Will the proposed modernization of Florida Power & Light's Port Everglades plant provide the most cost-effective source of power, as this criterion is used in Section 403.519(3), Florida Statutes?

POSITIONS

FPL: Yes. PEEC is the most cost-effective alternative available, as this criterion is used in Section 403.519, Florida Statutes. FPL's economic analyses demonstrate that adding PEEC in 2016 will result in customer savings of (i) \$469 million CPVRR when compared to returning to service the existing Port Everglades units, (ii) \$838 million CPVRR when compared to the adding a combined cycle unit at a greenfield site, and (iii) \$425 million CPVRR when compared to adding a combustion turbine unit at a greenfield site in 2016 and deferring PEEC to 2019. In addition, when compared to third party-build alternatives, customer savings will amount to at least \$900 million and may exceed \$1.1 billion.

STAFF: Staff has no position at this time.

ISSUE 6: Based on the resolution of the foregoing issues, should the Commission grant Florida Power & Light Company's petition to determine the need for the proposed modernization of Florida Power & Light's Port Everglades plant?

POSITIONS

FPL: Yes. The addition of PEEC in 2016 will result in the addition of highly efficient and reliable capacity, customer savings on a CPVRR basis, and significant environmental benefits. PEEC will save customers as much as \$838 million CPVRR over the life of the plant compared to other self-build alternatives. Additionally, it will reduce FPL's system oil and natural gas fuel usage, and will improve FPL's already low emission profile by reducing CO₂, NO_x, SO_x and PM emissions.

STAFF: Staff has no position at this time.

ISSUE 7: Should this docket be closed?

POSITIONS

FPL: Yes. Upon issuance of an order granting FPL's petitions to determine the need for PEEC, this docket should be closed.

STAFF: Staff has no position at this time.

IX. EXHIBIT LIST

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
<u>Direct</u>			
Rene Silva	FPL	RS-1	Summary of Benefits of Modernization of FPL's Port Everglades Plant (PEEC Project)
John Gnecco	FPL	JCG-1	Typical 3x1 CC Unit Process Diagram

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
John Gnecco	FPL	JCG-2	FPL Operational Combined Cycle Plants and FPL Combined Cycle Construction Projects in Progress
John Gnecco	FPL	JCG-3	Aerial view of Existing Facility
John Gnecco	FPL	JCG-4	PEEC Rendering
John Gnecco	FPL	JCG-5	PEEC Vicinity Map
John Gnecco	FPL	JCG-6	PEEC Power Block Arrangement
John Gnecco	FPL	JCG-7	PEEC Operating Characteristics
John Gnecco	FPL	JCG-8	PEEC Expected Construction Schedule
John Gnecco	FPL	JCG-9	PEEC Construction Cost Components
Rosemary Morley	FPL	RM-1	Florida Population
Rosemary Morley	FPL	RM-2	Total Average Customers
Rosemary Morley	FPL	RM-3	Summer Peak Weather Variables
Rosemary Morley	FPL	RM-4	Weighted Real Per Capita Income
Rosemary Morley	FPL	RM-5	Energy Efficiency Standards (MW)
Rosemary Morley	FPL	RM-6	Real Price of Electricity (cents/kWh)
Rosemary Morley	FPL	RM-7	Summer Peak Load (MW)
Rosemary Morley	FPL	RM-8	Winter Peak Load (MW)
Rosemary Morley	FPL	RM-9	Calendar Net Energy for Load (GWh)

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Heather Stubblefield	FPL	HCS-1	FPL's Fuel Price Forecast
Kennard Kosky	FPL	KFK-1	Curriculum Vitae of Kennard F. Kosky
Kennard Kosky	FPL	KFK-2	Sulfur Dioxide (SO ₂), nitrogen oxides (NO _x), and Particulate Matter (PM) emissions (tons/year) – Existing and Port Everglades Next Generation Clean Energy Center (PEEC)
Kennard Kosky	FPL	KFK-3	SO ₂ , NO _x and Particulate Matter emission rate (1b/MWh)- Existing and PEEC
Kennard Kosky	FPL	KFK-4	Carbon dioxide (CO ₂) emission rate (1b/MWh)- Existing and PEEC
Kennard Kosky	FPL	KFK-5	Cumulative CO ₂ reductions in FPL's system with PEEC
Pedro Modia	FPL	PM-1	Summary of Required Facilities for the Port Everglades Next Generation Clean Energy Center (PEEC)
Juan Enjamio	FPL	JEE-1	Projection of FPL's Resource Needs through 2021
Juan Enjamio	FPL	JEE-2	Resource Plans Utilized in the Analyses
Juan Enjamio	FPL	JEE-3	Results of the Economic Analysis Relative to PEEC
Juan Enjamio	FPL	JEE-4	Projection of Approximate Bill Impacts
Juan Enjamio	FPL	JEE-5	Non-Economic Analysis Results: Emission Reductions Compared to PEEC Resource Plan

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Juan Enjamio	FPL	JEE-6	Non-Economic Analysis Results: Reduction in Fuel Use Compared to PEEC Resource Plan
Juan Enjamio	FPL	JEE-7	Forecasted Cost of Air Emissions

Parties and Staff reserve the right to identify additional exhibits for the purpose of cross-examination.

X. PROPOSED STIPULATIONS

Staff recommends approval of the following proposed stipulation:

Issue 1: Is there a need for the proposed modernization of Florida Power & Light’s Port Everglades plant, taking into account the need for electric system reliability and integrity, as this criterion is used in Section 403.519(3), Florida Statutes?

Yes. There is a need for Port Everglades Next Generation Energy Center (“PEEC”), taking into account the need for electric system reliability and integrity. Based on the 20 percent reserve margin criterion adopted by FPL pursuant to a stipulation with the Commission, FPL projected in its filing that additional capacity to meet firm peak demand will be needed by the summer of 2016. If FPL did not construct PEEC until 2019, the company’s projected reserve margin would drop to 18.2 percent in 2017 and 2018 and would be primarily made up of Demand Side Management (“DSM”) resources.

After accounting for all projected DSM from cost-effective programs approved by the Commission, FPL’s projections at the time of the filing indicate that by 2016, the Company will have a capacity need of 284 MW in order to adhere to FPL’s minimum reserve margin criterion of 20 percent. The timing of FPL’s projected need was largely driven by the expiration of existing purchased power agreements totaling 1,306 MW of summer capacity and the decision to place certain units into inactive reserve mode. PEEC would provide 1,277 MW of capacity to help satisfy the Company’s capacity needs through 2020.

PEEC will also enhance reliability in terms of fuel supply because its coastal location facilitates the receipt of light oil backup fuel via both truck delivery and waterborne transportation. The two delivery alternatives will allow for flexible re-supply of light fuel oil to PEEC in emergency situations. Such deliveries would augment the 72 hour on-site fuel supply. Additionally, PEEC

is favorable from a transmission reliability perspective because it reduces the load-to-generation imbalance in the Miami-Dade and Broward County area and also provides voltage support.

Issue 2: Are there any renewable energy sources and technologies or conservation measures taken by or reasonably available to Florida Power & Light Company which might mitigate the need for the proposed modernization of Florida Power & Light's Port Everglades plant?

No. FPL's forecast of resource needs takes into account all projected DSM from cost-effective programs approved by the Commission. No additional cost-effective DSM has been identified in this proceeding which could mitigate the need for new generation. Similarly, all anticipated cost-effective firm generating capacity, that will be available from renewable resources and qualifying facilities through 2016, is already reflected in FPL's resource plan. In addition to existing contracts, FPL anticipates that it will secure approximately 110 MW of additional firm purchased power from renewable resources for a total of 740 MW by 2016. FPL is currently in negotiations for firm purchased power from renewable resources potentially totaling up to 180 MW, however, it is unlikely that these negotiations would result in firm capacity any earlier than 2019.

Issue 3: Is there a need for the proposed modernization of Florida Power & Light's Port Everglades plant, taking into account the need for adequate electricity at a reasonable cost, as this criterion is used in Section 403.519(3), Florida Statutes?

Yes. There is a need for PEEC, taking into account the need for adequate electricity at a reasonable cost. The estimated total installed cost for PEEC is \$1,185 million, in 2016 dollars. PEEC will take advantage of an existing site, existing infrastructure and existing connectivity to FPL's transmission system, thereby eliminating the costs for those components. Furthermore, FPL's analyses show that the resource plan that includes PEEC in 2016 is projected to save customers \$425 million to \$838 million CPVRR as compared to the other available self-build alternatives, and at least \$900 million CPVRR compared to third party-build alternatives. Accordingly, PEEC is projected to provide needed electricity at a reasonable cost.

FPL is considering a number of advanced combustion turbine designs which could impact the overall cost of the PEEC project. For this proceeding, FPL used projected costs and operating characteristics of the "J" combustion turbine technology, with which FPL has no direct experience. Therefore, FPL shall report annually to the Commission the budgeted and actual costs compared to the estimated total in-service costs of the proposed PEEC project relied upon in this proceeding. If FPL decides to utilize a different combustion turbine design from the one presented in this proceeding, then FPL will include in its annual report the comparative cost advantage of the alternative design chosen. Such a selection would only be made if the projected costs to FPL's customers would be lower as a result of the alternate design.

Issue 4: Is there a need for the proposed modernization of Florida Power & Light's Port Everglades plant, taking into account the need for fuel diversity, as this criterion is used in Section 403.519(3), Florida Statutes?

Yes. There is a need for PEEC, taking into account the need for fuel diversity. PEEC will be fueled by natural gas, and to enhance fuel supply reliability, it will use light oil as a backup fuel. Compared to returning to service the existing units at Port Everglades, adding PEEC will improve the plant's heat rate by 35% and will improve FPL's overall system heat rate by 1.3%. The improved heat rate is projected to reduce FPL's use of natural gas by about 90 million MMBtu and fuel oil by about 10.4 million barrels over a 30-year period. The PEEC project is also projected to reduce emissions of SO₂, NO_x, and CO₂ from FPL's system by approximately 40 thousand, 33 thousand, and 22 million tons, respectively, over the life of the project. Regardless of the modernization of PEEC, FPL projects that it will need additional natural gas supply and transportation to meet its overall system requirements by 2017. FPL is currently preparing a request for proposals to meet its future gas transportation needs.

Issue 5: Will the proposed modernization of Florida Power & Light's Port Everglades plant provide the most cost-effective source of power, as this criterion is used in Section 403.519(3), Florida Statutes?

Yes. PEEC is the most cost-effective alternative available, as this criterion is used in Section 403.519, Florida Statutes. FPL's economic analyses demonstrate that adding PEEC in 2016 is projected to result in customer savings of (i) \$469 million CPVRR when compared to returning to service the existing Port Everglades units, (ii) \$838 million CPVRR when compared to adding a combined cycle unit at a greenfield site, and (iii) \$425 million CPVRR when compared to adding a combustion turbine unit at a greenfield site in 2016 and deferring PEEC to 2019. In addition, when compared to third party-build alternatives, customer savings are projected to amount to at least \$900 million and may exceed \$1.1 billion.

If FPL did not construct PEEC until 2019, the company's projected reserve margin would drop to 18.2 percent in 2017 and 2018 and would be primarily made up of DSM resources. Such a scenario was also projected to produce near-term savings as well as overall long-term savings. However, since this scenario does not consider equal levels of system reliability, this scenario may not provide a meaningful economic comparison. FPL's analyses indicate that a short-term purchased power agreement for the years 2016 through 2019, which is projected to maintain the company's 20 percent reserve margin criterion, could result in near-term savings, but would have net costs over the analysis period ending in 2047. These analyses reflect only a standard assumed escalation rate of 3 percent and do not take into account factors specific to the current PEEC project that could substantially increase PEEC's costs if it is deferred.

Issue 6: Based on the resolution of the foregoing issues, should the Commission grant Florida Power & Light Company's petition to determine the need for the proposed modernization of Florida Power & Light's Port Everglades plant?

Yes. The addition of PEEC in 2016 will optimize the use of an existing site and is consistent with the Commission's belief that before a utility constructs a new generating unit at a greenfield site, it must consider the feasibility of modernization of existing units.

Issue 7: Should this docket be closed?

Yes. Upon issuance of an order granting FPL's petition to determine the need for PEEC, this docket shall be closed. Pursuant to Section 403.519, F.S., the Commission is the sole forum for the determination of need for major new power plants. In making its determination, the Commission must take into account the need for electric system reliability and integrity, the need for adequate electricity at a reasonable cost, the need for fuel diversity and supply reliability, and whether the proposed plant is the most cost-effective alternative available. The Commission must also expressly consider whether renewable generation or conservation measures taken by or reasonably available to the utility might mitigate the need for the proposed plant. The Commission's decision on a need determination petition must be based on the facts as they exist at the time of the filing with the underlying assumptions tested for reasonableness. It is prudent for a utility to continue to evaluate whether it is in the best interests of its ratepayers for a utility to participate in a proposed power plant before, during, and after construction of a generating unit. If conditions change from what was presented at the need determination proceeding, then a prudent utility would be expected to respond appropriately. In addition, the Commission has an ongoing authority and obligation to ensure fair, just, and reasonable rates for Florida's utilities and ratepayers. FPL should continue to report the status of the PEEC to the Commission in the annual report required under Issue 3.

XI. PENDING MOTIONS

There are no pending motions at this time.

XII. PENDING CONFIDENTIALITY MATTERS

There are no pending confidentiality matters at this time.

XIII. POST-HEARING PROCEDURES

If no bench decision is made, each party shall file a post-hearing statement of issues and positions. A summary of each position of no more than 50 words, set off with asterisks, shall be included in that statement. If a party's position has not changed since the issuance of this Prehearing Order, the post-hearing statement may simply restate the prehearing position; however, if the prehearing position is longer than 50 words, it must be reduced to no more than 50 words. If a party fails to file a post-hearing statement, that party shall have waived all issues and may be dismissed from the proceeding.

Pursuant to Rule 28-106.215, F.A.C., a party's proposed findings of fact and conclusions of law, if any, statement of issues and positions, and brief, shall together total no more than 40 pages and shall be filed at the same time.

XIV. RULINGS

Opening statements, if any, shall not exceed ten minutes per party.

Witness Gnecco is excused from the hearing.

It is therefore,

ORDERED by Commissioner Eduardo Balbis, as Prehearing Officer, that this Prehearing Order shall govern the conduct of these proceedings as set forth above unless modified by the Commission.

By ORDER of Commissioner Eduardo E. Balbis, as Prehearing Officer, this 13th day of February, 2012.



EDUARDO E. BALBIS
Commissioner and Prehearing Officer
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Tallahassee, Florida 32399
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Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

CWM

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and

time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Office of Commission Clerk, in the form prescribed by Rule 25-22.0376, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.