

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

|   |  |
|---|--|
| In re: Petition to determine need for Seminole combined cycle facility, by Seminole Electric Cooperative, Inc.  | DOCKET NO. 20170266-EC                         |
| In re: Joint Petition to determine need for the Shady Hills combined cycle facility, by Seminole Electric Cooperative, Inc. and Shady Hills Energy Center, LLC. | DOCKET NO. 20170267-EC<br>DATED: MARCH 5, 2018 |

**PREHEARING STATEMENT OF PETITIONERS,  
SEMINOLE ELECTRIC COOPERATIVE, INC., AND  
SHADY HILLS ENERGY CENTER, LLC.**

Petitioners, Seminole Electric Cooperative, Inc., (“Seminole”) and Shady Hills Energy Center, LLC (“SHEC”) (colletively, “Petitioners’), pursuant to the requirements of the Order Establishing Procedure (Order No. PSC-2018-0018-PCO-EC), hereby submit this Prehearing Statement:

**1. Known Witnesses** - Petitioners intend to offer the testimony of:

| <u>Witness</u>      | <u>Subject Matter</u>  | <u>Issues</u>              |
|---------------------|--|----------------------------|
| DIRECT              |  |                            |
| Michael P. Ward, II | <b>Docket No. 20170266-EC:</b> Description of Seminole’s case supporting request for need determination for the Seminole Combined Cycle Facility (SCCF); introduction of other supporting witnesses; adverse consequences of a denial of Seminole's need petition.       | 1A, 2A, 3A, 4A, 5A, 6A, 7A |
|                     | <b>Docket No. 20170267-EC:</b> Description of Petitioners’ case supporting request for need determination for the Shady Hills Combined Cycle Facility (SHCCF); introduction of other supporting witnesses; adverse consequences of a denial of Seminole's need petition. | 1B, 2B, 3B, 4B, 5B, 6B, 7B |
| David Kezell        | <b>Docket No. 20170266-EC:</b> Overview of SCCF, including estimated costs; fuel oil backup analysis.  | 3A, 4A, 5A, 6A             |

| <u>Witness</u>     | <u>Subject Matter</u>   | <u>Issues</u>                                  |
|--------------------|---|--|
| Ankur Mathur       | <b>Docket No. 20170267-EC:</b> Overview of SHCCF and ability of SHEC and affiliates to construct and operate combined cycle facilities; overview of Tolling Agreement for SHCCF.                                      | 3B, 4B, 5B, 6B                                 |
| David Wagner       | <b>Docket No. 20170266-EC:</b> Reliability of natural gas supply and transportation for the SCCF; Seminole's fuel forecasts.  | 4A, 5A, 6A                                     |
|                    | <b>Docket No. 20170267-EC:</b> Reliability of natural gas supply and transportation for the SHCCF; Seminole's fuel forecasts.   | 4B, 5B, 6B                                     |
| Robert DeMelo      | <b>Docket No. 20170266-EC:</b> Seminole's transmission interconnections and transmission impacts of SCCF.   | 5A 6A  |
|                    | <b>Docket No. 20170267-EC:</b> Seminole's transmission interconnections and transmission impacts of SHCCF.  | 5B, 6B   |
| Kyle D. Wood       | <b>Both dockets:</b> Seminole's load forecasting methodology and most recent long term load forecast; overview of demand-side management (DSM) and conservation efforts and achievements of Seminole and its Members. | 1A, 1B, 2A, 2B, 3A, 3B, 4A, 4B, 6A, 6B         |
| Thomas Hines       | <b>Both dockets:</b> Quantification of energy savings associated with existing DSM programs offered by Seminole and its Members; cost-effectiveness analysis of potential DSM measures.                               | 2A, 2B   |
| Jason Peters       | <b>Both dockets:</b> Seminole's Request for Proposals (RFP) process for evaluating market alternatives  | 2A, 2B, 3A, 3B, 4A, 4B, 5A, 5B, 6A, 6B         |
| Julia Diazgranados | <b>Both dockets:</b> Seminole's reliability criteria and assessment of capacity needs; Seminole's economic analyses; consequences of denial.  | 1A, 1B, 2A, 2B, 3A, 3B, 4A, 4B, 5A, 5B, 6A, 6B |
| Alan S. Taylor     | <b>Both dockets:</b> Independent review and analysis of Seminole RFP process and evaluation of cost-effectiveness of alternatives.  | 2A, 2B, 3A, 3B, 5A, 5B, 6A, 6B                 |

| REBUTTAL        |   |                                |
|-----------------|---|--------------------------------|
| Kyle D. Wood    | <b>Both dockets:</b> Rebuttal of Sotkiewicz testimony regarding Seminole's historical load forecast error.  | 1A, 1B, 2A, 2B, 3A, 3B, 6A, 6B |
| Tao Hong, Ph.D. | <b>Both dockets:</b> Rebuttal of Sotkiewicz testimony regarding reasonableness of Seminole's load forecast for use in need determination proceedings. | 1A, 1B, 2A, 2B, 3A, 3B, 6A, 6B |
| David Kezell    | <b>Both dockets:</b> Rebuttal of Sotkiewicz testimony regarding Seminole's cost estimates for SCCF.   | 3A, 3B, 5A, 5B, 6A, 6B         |
| Alan S. Taylor  | <b>Both dockets:</b> Rebuttal of Sotkiewicz testimony regarding cost-effectiveness and escalation rate  | 2A, 2B, 3A, 3B, 5A, 5B, 6A, 6B |

**2. Known Exhibits** - Petitioners intend to offer the following exhibits:

| <u>Witness</u>                        | <u>Proffered By</u> | <u>Exh. No.</u>  | <u>Description</u>  |
|---------------------------------------|---------------------|------------------|---|
| Michael P. Ward, II<br>(both dockets) | Seminole            | _____<br>(MPW-1) | Resumé of Michael P. Ward, II                             |
| Michael P. Ward, II<br>(both dockets) | Seminole            | _____<br>(MPW-2) | Sections 1, 2, 3.1, 3.2, and 3.3 of Seminole's Need Study |
| Michael P. Ward, II<br>(both dockets) | Seminole            | _____<br>(MPW-3) | Seminole Electric Service Areas                           |
| Michael P. Ward, II<br>(both dockets) | Seminole            | _____<br>(MPW-4) | Seminole's Power Purchase Contracts (as of Dec. 31, 2016) |
| Michael P. Ward, II<br>(both dockets) | Seminole            | _____<br>(MPW-5) | Seminole's New Power Purchase Contracts                   |
| David Kezell<br>(both dockets)        | Seminole            | _____<br>(DK-1)  | Resumé of David Kezell                                    |
| David Kezell<br>(both dockets)        | Seminole            | _____<br>(DK-2)  | Preliminary Arrangement of the SCCF at the SGS Site       |
| David Kezell<br>(both dockets)        | Seminole            | _____<br>(DK-3)  | Summary of Estimated Capital Costs                        |
| David Kezell<br>(both dockets)        | Seminole            | _____<br>(DK-4)  | P2021 Single Fuel Facility Analysis                       |

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 PETITIONERS' JOINT PREHEARING STATEMENT

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| <u>Witness</u>                              | <u>Proffered By</u> | <u>Exh. No.</u>  | <u>Description</u>   |
|---|---------------------|------------------|--|
| David Kezell<br>(both dockets)              | Seminole            | _____<br>(DK-5)  | Excerpts from Site Certification Application for DBEC  |
| David Kezell<br>(both dockets)              | Seminole            | _____<br>(DK-6)  | Excerpt from DBEC Air Permit   |
| David Kezell<br>(both dockets)              | Seminole            | _____<br>(DK-7)  | Excerpt from SCCF draft Air Permit   |
| David Kezell<br>(both dockets)              | Seminole            | _____<br>(DK-8)  | USDOE/EIA report entitled "Capital Cost Estimates for Utility Scale Electricity Generating Plants" |
| David Kezell<br>(both dockets)              | Seminole            | _____<br>(MPW-2) | Sections 4.1.1 through 4.1.7, 4.1.10, 4.1.11, and 6.2 of Seminole's Need Study                     |
| Ankur Mathur<br>(Docket No.<br>20170267-EC) | SHEC                | _____<br>(AM-1)  | Resumé of Ankur Mathur   |
| Ankur Mathur<br>(Docket No.<br>20170267-EC) | SHEC                | _____<br>(AM-2)  | Site Vicinity Map for SHCCF  |
| Ankur Mathur<br>(Docket No.<br>20170267-EC) | SHEC                | _____<br>(MPW-2) | Section 4.2 of Seminole's Need Study   |
| David Wagner<br>(both dockets)              | Seminole            | _____<br>(DW-1)  | Resumé of David Wagner   |
| David Wagner<br>(both dockets)              | Seminole            | _____<br>(DW-2)  | Seminole Fuel Price Forecast   |
| David Wagner<br>(both dockets)              | Seminole            | _____<br>(MPW-2) | Sections 4.1.8, 4.2.7 and 6.4.3 of Seminole's Need Study   |
| Robert DeMelo<br>(both dockets)             | Seminole            | _____<br>(DM-1)  | Resumé of Robert DeMelo  |
| Robert DeMelo<br>(both dockets)             | Seminole            | _____<br>(MPW-2) | Sections 3.4 and 4.1.9 of Seminole's Need Study  |
| Kyle D. Wood<br>(both dockets)              | Seminole            | _____<br>(KDW-1) | Resumé of Kyle D. Wood   |
| Kyle D. Wood<br>(both dockets)              | Seminole            | _____<br>(MPW-2) | Sections 5.2 and 7 of Seminole's Need Study  |

| <u>Witness</u>                       | <u>Proffered By</u> | <u>Exh. No.</u>  | <u>Description</u>  |
|--------------------------------------|---------------------|------------------|---|
| Kyle D. Wood<br>(both dockets)       | Seminole            | _____<br>(KDW-2) | Seminole's current forecasting methodology & model/variable selection process               |
| Kyle D. Wood<br>(both dockets)       | Seminole            | _____<br>(KDW-3) | Comparison of historical error rates based on Sotkiewicz approach                           |
| Kyle D. Wood<br>(both dockets)       | Seminole            | _____<br>(KDW-4) | Historical Seminole error rates based on corrected Sotkiewicz approach                      |
| Kyle D. Wood<br>(both dockets)       | Seminole            | _____<br>(KDW-5) | Seminole 2017 Load Forecast Error Analysis  |
| Thomas Hines<br>(both dockets)       | Seminole            | _____<br>(TH-1)  | Resumé of Thomas Hines  |
| Thomas Hines<br>(both dockets)       | Seminole            | _____<br>(TH-2)  | Energy Efficiency and Demand Management Savings Report                                      |
| Thomas Hines<br>(both dockets)       | Seminole            | _____<br>(TH-3)  | Energy Efficiency and Demand Management Program Analysis                                    |
| Jason Peters<br>(both dockets)       | Seminole            | _____<br>(JP-1)  | Resumé of Jason Peters  |
| Jason Peters<br>(both dockets)       | Seminole            | _____<br>(JP-2)  | Summary of RFP Responses  |
| Jason Peters<br>(both dockets)       | Seminole            | _____<br>(MPW-2) | Section 6.3 and Appendix B to Seminole's Need Study   |
| Julia Diazgranados<br>(both dockets) | Seminole            | _____<br>(JAD-1) | Resumé of Julia Diazgranados  |
| Julia Diazgranados<br>(both dockets) | Seminole            | _____<br>(JAD-2) | Seminole's gap chart (forecasted winter peak demands plus reserves vs. committed resources) |
| Julia Diazgranados<br>(both dockets) | Seminole            | _____<br>(JAD-3) | Seminole's initial economic analysis results  |
| Julia Diazgranados<br>(both dockets) | Seminole            | _____<br>(JAD-4) | Seminole's scorecard analysis   |
| Julia Diazgranados<br>(both dockets) | Seminole            | _____<br>(JAD-5) | Seminole's sensitivity analysis   |
| Julia Diazgranados<br>(both dockets) | Seminole            | _____<br>(JAD-6) | Seminole's revised economic analysis  |

| <u>Witness</u>                       | <u>Proffered By</u> | <u>Exh. No.</u>            | <u>Description</u>   |
|--------------------------------------|---------------------|----------------------------|--|
| Julia Diazgranados<br>(both dockets) | Seminole            | _____<br>(MPW-2)           | Sections 5.1, 5.3, 5.4, 6.1, 6.4.1, 6.4.2, 6.4.4, 6.5, 6.6, 6.7, 6.8, 8 and 9 of Seminole's Need Study |
| Alan S. Taylor<br>(both dockets)     | Seminole            | _____<br>(AST-1)<br>Doc. 1 | Resumé of Alan S.Taylor  |
| Alan S. Taylor<br>(both dockets)     | Seminole            | _____<br>(AST-1)<br>Doc. 2 | Sedway Consulting's Independent Evaluation Report  |
| Tao Hong, Ph.D.<br>(both dockets)    | Seminole            | _____<br>(TAO-1)           | Tao Hong Curriculum Vitae  |
| Tao Hong, Ph.D.<br>(both dockets)    | Seminole            | _____<br>(TAO-1)           | "Long Term Probabilistic Load Forecasting and Normalization With Hourly Information."                  |

In addition to the above pre-filed exhibits, Petitioners reserve the right to introduce all or part of depositions at hearing for any purpose other than impeachment in accordance with the procedure set forth in Section VI.G of the Order Establishing Procedure (Order No. PSC-2018-0018-PCO-EC). Petitioners also reserve the right to utilize any exhibit introduced by any party and the right to introduce any additional exhibit necessary for rebuttal, cross-examination or impeachment at the final hearing.

### **3. Statement of Basic Position**

#### **Seminole/SHCCF:**

The Commission should grant the petitions for determination of need for the Seminole Combined Cycle Facility (SCCF) and the Shady Hills Combined Cycle Facility (SHCCF) because the analyses presented in the pre-filed testimony and exhibits of the Seminole and SHEC witnesses demonstrate that the two combined cycle facilities are needed to meet the electrical demands of Seminole and its Member Cooperatives and otherwise satisfy all of the criteria set forth in section 403.519, Florida Statutes. Seminole's analyses demonstrate that the resource plan that includes the SHCCF coming into service in late 2021, and the SCCF coming into service in late 2022, along with the removal from service of one of Seminole's existing coal units, is the most cost-effective alternative for meeting Seminole's capacity needs, and will enable Seminole to maintain system reliability and fuel diversity at a reasonable cost.

Based on its continuing evaluation of its Member Cooperatives' electricity needs, Seminole projects a need for 901 MW of additional generating capacity by the end of 2021. This projected need results primarily from the expiration of power purchase agreements (PPAs), including the expiration of a 150 MW PPA on December 31, 2020, followed by the expiration of two more

PPAs totaling 750 MW of winter capacity in May, 2021. Because an additional 300 MW PPA expires the following year, along with load growth, Seminole's projected need increases to 1,265 MW by the end of 2022. Although Seminole and its Members utilize renewable energy sources and technologies as well as conservation measures to the extent reasonably available, there are no cost-effective renewable energy resources or conservation/demand-side management (DSM) measures available to offset the need.

Seminole's Board of Trustees selected the resource plan that includes the SCCF and the SHCCF facilities to meet Seminole's capacity needs based on the results of a multi-stage resource planning process. That process included extensive economic analyses of self-build options and over 200 power purchase alternatives, including numerous renewable energy proposals, identified during a robust Request for Proposal (RFP) process, as well as careful consideration of non-economic attributes and risk factors. Seminole's analyses demonstrate that the resource plan that includes the SCCF, along with the removal of service of one of Seminole's existing coal units, and the tolling agreement with SHEC for the SHCCF is the most cost-effective alternative to meet Seminole's capacity needs and would result in projected net present value (NPV) savings of approximately \$388 million (or more) as compared to the next ranked alternative over the study period. The SCCF and SHCCF will provide adequate electricity at a reasonable cost and they also will contribute to the reliability and integrity of Seminole's power supply system.  
(All Seminole/SHEC Witnesses)

#### **4. Issues and Positions**

Petitioners' positions on the issues identified in this proceeding are as follows:

**Issue 1A:** **Is there a need for the proposed Seminole Combined Cycle Facility, taking into account the need for electric system reliability and integrity, as this criterion is used in Section 403.519(3), Florida Statutes?**

**Seminole:** Yes. Seminole's power supply planning process begins with the development of its nine Members' load forecasts, which are aggregated to represent the Seminole load forecast. The aggregated peak demand forecasts are used to determine Member capacity requirements and an additional 15 percent of demand is added to satisfy Seminole's Reserve Margin requirement. Based on its continuing evaluation of its Member Cooperatives' electricity needs, Seminole projects a need for 901 MW of additional generating capacity by the end of 2021. This projected need results primarily from the expiration of PPAs, including the expiration of a 150 MW PPA on December 31, 2020, followed by the expiration of two more PPAs totaling 750 MW of winter capacity in May, 2021. Because an additional 300 MW PPA expires the following year, along with load growth and reserve requirements, Seminole's projected need increases to 1,265 MW by the end of 2022. (Ward, Wood, Hong, Diazgranados).

**Issue 1B:** **Is there a need for the proposed Shady Hills Combined Cycle Facility, taking into account the need for electric system reliability and integrity, as this criterion is used in Section 403.519(3), Florida Statutes?**

**Petitioners:** Yes. Seminole's power supply planning process begins with the development of its nine Members' load forecasts, which are aggregated to represent the Seminole load forecast. The aggregated peak demand forecasts are used to determine Member capacity requirements and an additional 15 percent of demand is added to satisfy Seminole's Reserve Margin requirement. Based on its continuing evaluation of its Member Cooperatives' electricity needs, Seminole projects a need for 901 MW of additional generating capacity by the end of 2021. This projected need results primarily from the expiration of PPAs, including the expiration of a 150 MW PPA on December 31, 2020, followed by the expiration of two more PPAs totaling 750 MW of winter capacity in May, 2021. Because an additional 300 MW PPA expires the following year, along with load growth and reserve requirements, Seminole's projected need increases to 1,265 MW by the end of 2022. (Ward, Wood, Hong, Diazgranados).

**Issue 2A:** **Are there any renewable energy sources and technologies or conservation measures taken by or reasonably available to Seminole Electric Cooperative, Inc., which might mitigate the need for the proposed Seminole Combined Cycle Facility?**

**Seminole:** No. Seminole is a winter-peaking utility that experiences its highest end-use demand on winter mornings when solar energy is not a viable capacity source to offset peak demand. As such, there are no renewable energy sources and technologies that might mitigate the need for the SCCF. Nevertheless, Seminole utilizes renewable energy resources to the extent reasonably available and has included a new solar energy resource in the selected resource plan that includes the SCCF.

As a wholesale supplier of electric energy to its Members, Seminole is not directly responsible for DSM programs. However, Seminole encourages conservation through its wholesale rate structure, which provides price signals that reflect Seminole's cost of supplying power in aggregate and thereby encourages Members to concentrate their load management efforts on controlling Seminole's overall system peak. Seminole also assists its Members in the evaluation of potential DSM measures. Despite the DSM savings achieved by Seminole's Members, there remains a need for additional capacity and there is not a reasonable scenario in which sufficient DSM or conservation could be added to avoid the need for the additional capacity to be provided by the SCCF. (Ward, Peters, Diazgranados, Taylor, Wood, Hines).

**Issue 2B:** **Are there any renewable energy sources and technologies or conservation measures taken by or reasonably available to Seminole Electric Cooperative, Inc. and Shady Hills Energy Center, LLC, which might mitigate the need for the proposed Shady Hills Combined Cycle Facility?**

**Petitioners:** No. Seminole is a winter-peaking utility that experiences its highest end-use demand on winter mornings when solar energy is not a viable capacity source to offset peak demand. As such, there are no renewable energy sources and



technologies that might mitigate the need for the SHCCF. Nevertheless, Seminole utilizes renewable energy resources to the extent reasonably available and has included a new solar energy resource in the selected resource plan that includes the SHCCF.

As a wholesale supplier of electric energy to its Members, Seminole is not directly responsible for DSM programs. However, Seminole encourages conservation through its wholesale rate structure, which provides price signals that reflect Seminole's cost of supplying power in aggregate and thereby encourages Members to concentrate their load management efforts on controlling Seminole's overall system peak. Seminole also assists its Members in the evaluation of potential DSM measures. Despite the DSM savings achieved by Seminole's Members, there remains a need for additional capacity and there is not a reasonable scenario in which sufficient DSM or conservation could be added to avoid the need for additional capacity to be provided by the SHCCF. (Ward, Peters, Diazgranados, Taylor, Wood, Hines).

**Issue 3A:** **Is there a need for the proposed Seminole Combined Cycle Facility, taking into account the need for adequate electricity at a reasonable cost, as this criterion is used in Section 403.519(3), Florida Statutes?**

**Seminole:** Yes. The SCCF will be a highly efficient, state-of-the-art natural-gas fired combined cycle generation plant. This high efficiency yields relatively lower production costs than other options. The high efficiency coupled with the favorable site location adjacent to the Seminole Generating Station (SGS) site, where site infrastructure can be shared and existing transmission infrastructure and capacity exists, adds substantial benefits to Seminole's member-consumers. Based on the competitive market process following Seminole's RFP, as well as Seminole's internal resource planning process, which included consideration of relative risks, the resource plan that includes the SCCF coming into service in late 2022, along with the removal from service of one of the existing SGS units, and the SHCCF coming into service in late 2021, is the most cost-effective alternative for meeting Seminole's capacity needs, resulting in projected NPV savings of approximately \$388 million (or more) as compared to the next ranked alternative over the study period. (Ward, Kezell, Wagner, DeMelo, Peters, Diazgranados, Taylor).

**Issue 3B:** **Is there a need for the proposed Shady Hills Combined Cycle Facility, taking into account the need for adequate electricity at a reasonable cost, as this criterion is used in Section 403.519(3), Florida Statutes?**

**Petitioners:** Yes. The SHCCF will be a highly efficient, state-of-the-art natural-gas fired combined cycle generation plant. This high efficiency yields relatively lower production costs than other options. The high efficiency coupled with the favorable site location adjacent to the existing Shady Hills power plant site, where existing transmission infrastructure and capacity exists, adds substantial benefits to Seminole's member-consumers. Based on the competitive market process

following Seminole's RFP, as well as Seminole's internal resource planning process, which included consideration of relative risks, the resource plan that includes the SHCCF coming into service in late 2021, and the SCCF coming into service in late 2022, along with the removal from service of one of the existing SGS units, is the most cost-effective alternative for meeting Seminole's capacity needs, resulting in projected NPV savings of approximately \$388 million (or more) as compared to the next ranked alternative over the study period. (Ward, Kezell, Wagner, DeMelo, Peters, Diazgranados, Taylor).

**Issue 4A:** **Is there a need for the proposed Seminole Combined Cycle Facility, taking into account the need for fuel diversity and supply reliability, as this criterion is used in Section 403.519(3), Florida Statutes?**

**Seminole:** Yes. Seminole seeks to maintain a diversified portfolio of owned and purchased generating assets with a variety of fuel types, supply sources and delivery options. Such a portfolio functions as a tool to manage fuel price stability and reliability. The SCCF will be solely fueled by natural gas but is serving to replace expiring purchased power generating resources that were also predominately natural gas fired as their primary fuel source. Seminole's decision to maintain the operation of one SGS coal-fired generating unit will continue to provide diversification in Seminole's fuel portfolio. In addition, Seminole is implementing a natural gas transportation plan that contracts with four different counterparties for a variety of solutions to enhance the diversification of our delivered gas supply. For these reasons, the addition of the SCCF is not expected to significantly impact fuel diversity or supply reliability.

Seminole is finalizing its contracts for adequate gas transportation capacity that will provide a firm transportation path from geographic locations that are expected to have adequate natural gas supply available over the horizon of the Need Study. Such agreements will ensure that reliable gas supply from multiple production basins will continue to be transported to the areas at which Seminole will have transportation rights to purchase gas supply. (Ward, Kezell, Wagner)

**Issue 4B:** **Is there a need for the proposed Shady Hills Combined Cycle Facility, taking into account the need for fuel diversity and supply reliability, as this criterion is used in Section 403.519(3), Florida Statutes?**

**Petitioners:** Yes. Seminole seeks to maintain a diversified portfolio of owned and purchased generating assets with a variety of fuel types, supply sources and delivery options. Such a portfolio functions as a tool to manage fuel price stability and reliability. The SHCCF will be solely fueled by natural gas but is serving to replace expiring purchased power generating resources that were also predominately natural gas fired as their primary fuel source. Seminole's decision to maintain the operation of one SGS coal-fired generating unit will continue to provide diversification in Seminole's fuel portfolio. In addition, Seminole is implementing a natural gas transportation plan that contracts with four different counterparties for a variety of solutions to enhance the diversification of our delivered gas supply. For these

reasons, the addition of the SHCCF is not expected to significantly impact fuel diversity or supply reliability.

Seminole is finalizing its contracts for adequate gas transportation capacity that will provide a firm transportation path from geographic locations that are expected to have adequate natural gas supply available over the horizon of the Need Study. Such agreements will ensure that reliable gas supply from multiple production basins will continue to be transported to the areas at which Seminole will have transportation rights to purchase gas supply. (Ward, Mathur, Wagner)

**Issue 5A:** **Will the proposed Seminole Combined Cycle Facility provide the most cost-effective alternative available, as this criterion is used in Section 403.519(3), Florida Statutes?**

**Seminole:** Yes. Seminole's analyses demonstrate that the resource plan containing the SCCF is the most cost-effective alternative to meet Seminole's capacity needs and would result in projected NPV savings of approximately \$388 million (or more) as compared to the next ranked alternative over the study period. An independent evaluation conducted by Sedway Consulting, Inc., confirms that the selected resource plan that includes the SCCF is the most cost-effective alternative. (Ward, Kezell, Wagner, DeMelo, Peters, Diazgranados, Taylor).

**Issue 5B:** **Will the proposed Shady Hills Combined Cycle Facility provide the most cost-effective alternative available, as this criterion is used in Section 403.519(3), Florida Statutes?**

**Petitioners:** Yes. Seminole's analyses demonstrate that the resource plan containing the SHCCF tolling agreement is the most cost-effective alternative to meet Seminole's capacity needs and would result in projected NPV savings of approximately \$388 million (or more) as compared to the next ranked alternative over the study period. An independent evaluation conducted by Sedway Consulting, Inc., confirms that the selected resource plan that includes the SHCCF is the most cost-effective alternative. (Ward, Mathur, Wagner, DeMelo, Peters, Diazgranados, Taylor).

**Issue 6A:** **Based on the resolution of the foregoing issues and other matters within its jurisdiction which it deems relevant, should the Commission grant Seminole Electric Cooperative, Inc.'s petition to determine the need for the proposed Seminole Combined Cycle Facility?**

**Seminole:** Yes. The analyses and other information presented in the testimony of Seminole's witnesses demonstrate that an affirmative need determination is warranted for the SCCF based on consideration of the relevant factors set forth in section 403.519, Florida Statutes. Due primarily to the expiration of existing PPAs, Seminole will have a need for 901 MW of additional generating capacity by the end of 2021, and that need will grow to 1,265 MW by the end of 2022. The proposed SCCF is part of a resource plan that will ensure that Seminole has

an adequate supply of power to serve its Members' needs at a reasonable cost. The competitive RFP process, together with separate economic analyses and risk analyses presented in this Need Study demonstrate that the selected resource plan, including the two new combined cycle facilities, is the most cost-effective, risk-managed alternative to meet Seminole's power supply needs. Seminole and its Members already utilize reasonably available DSM programs and renewable resources and they are committed to implementing more. Even with potential demand and energy reductions that could be achieved from additional conservation and DSM initiatives, however, there is still a significant capacity need and the resource plan including the new SCCF is part of the least cost alternative to reliably meet that need. (All Seminole witnesses).

**Issue 6B:** **Based on the resolution of the foregoing issues and other matters within its jurisdiction which it deems relevant, should the Commission grant Seminole Electric Cooperative, Inc. and Shady Hills Energy Center, LLC's joint petition to determine the need for the proposed Shady Hills Combined Cycle Facility?**

**Petitioners:** Yes. The analyses and other information described in the testimony and exhibits of Petitioners' witnesses demonstrate that an affirmative need determination is warranted for the SHCCF project based on consideration of the relevant factors set forth in section 403.519, Florida Statutes. Due primarily to the expiration of existing PPAs, Seminole will have a need for 901 MW of additional generating capacity by the end of 2021, and that need will grow to 1,265 MW by the end of 2022. The proposed SHCCF is part of a resource plan that will ensure that Seminole has an adequate supply of power to serve its Members' needs at a reasonable cost. The competitive RFP process, together with separate economic analyses and risk analyses presented in this Need Study demonstrate that the selected resource plan, including the two new combined cycle facilities, is the most cost-effective, risk-managed alternative to meet Seminole's power supply needs. Seminole and its Members already utilize reasonably available DSM programs and renewable resources and they are committed to implementing more. Even with potential demand and energy reductions that could be achieved from additional conservation and DSM initiatives, however, there is still a significant capacity need and the resource plan including the new SHCCF is part of the least cost alternative to reliably meet that need. (All Seminole/SHCCF witnesses).

**Issue 7A:** **Should Docket No. 20170266-EC be closed?**

**Seminole:** Yes. Upon issuance of a final order granting Seminole's petition for need determination for the SCCF, Docket No. 20170266-EC should be closed.

**Issue 7B:** **Should Docket No. 20170267-EC be closed?**

**Petitioners:** Yes. Upon issuance of a final order granting the joint petition of Seminole and SHEC for need determination for the SCCF, Docket No. 20170267-EC should be closed.

5. **Stipulated Issues:** Petitioners are not parties to any stipulations at this time.

6. **Pending Motions:** None at this time.

7. **Pending Requests for Confidentiality:**

Seminole's Third Request for Confidential Classification of information provided in response to Staff's First Set of Interrogatories (Nos. 1-34) and documents produced in response to Staff's First Request for Production (Nos. 1-19), filed on February 28, 2018.

Seminole's Fourth Request for Confidential Classification of information provided in response to Staff's Second Set of Interrogatories (Nos. 35, 36), filed on March 1, 2018.

8. **Objections to Qualifications:**

**Petitioners:** None at this time.

9. **Sequestration of Witnesses:** Petitioners do not request sequestration of any witnesses.

10. **Requirements of Order:** Petitioners believe that this prehearing statement complies with all the requirements of the Order Establishing Procedure.

Respectfully submitted this 5<sup>th</sup> day of March, 2018.

HOPPING GREEN & SAMS

By: //s//Gary V. Perko  
Gary V. Perko  
Brooke E. Lewis  
Malcolm N. Means  
P. O. Box 6526  
Tallahassee, Florida 32314  
Phone: 850/222-7500; Fax: 850/224-8551  
Email: GPerko@hgslaw.com  
BLewis@hgslaw.com  
MMeans@hgslaw.com

Attorneys for SEMINOLE ELECTRIC COOPERATIVE,  
INC., and SHADY HILLS ENERGY CENTER, LLC.

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing was served via electronic mail to the following on this 5th day of March, 2018:

Charles W. Murphy  
Rachael Dziechciarz  
FLORIDA PUBLIC SERVICE COMMISSION  
Office of the General Counsel  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32390  
[cmurphy@psc.state.fl.us](mailto:cmurphy@psc.state.fl.us)  
[rdziehc@psc.state.fl.us](mailto:rdziehc@psc.state.fl.us)

Robert Scheffel Wright  
John T. LaVia, III  
GARDNER, BIST, BOWDEN, BUSH,  
DEE, LAVIA & WRIGHT, P.A.  
1300 Thomaswood Drive  
Tallahassee, Florida 32308  
[schef@gbwlegal.com](mailto:schef@gbwlegal.com)  
[jlavia@gbwlegal.com](mailto:jlavia@gbwlegal.com)

*Attorneys for the PUBLIC SERVICE COMMISSION*

*Attorneys for QUANTUM PASCO POWER, L.P.,  
MICHAEL TULK AND PATRICK DALY*

/s/Gary V. Perko  
Attorney