

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition to determine need for)
Seminole combined cycle facility, by) DOCKET NO. 20170266-EC
Seminole Electric Cooperative, Inc.)
)
In re: Joint petition for determination)
of need for Shady Hills combined cycle) DOCKET No. 20170267-EC
facility in Pasco County, by Seminole)
Electric Cooperative, Inc. and Shady) FILED: March 12, 2018
Hills Energy Center, LLC.)
_____)

**INTERVENORS' NOTICE OF FILING SUPPLEMENTAL
DIRECT TESTIMONY OF PAUL M. SOTKIEWICZ, Ph.D.**

Consistent with Seminole Electric Cooperative, Inc.'s pending Motion for Leave to File Revised Direct Testimony and Exhibits and consistent with the agreement of the parties to these consolidated dockets, Intervenor Quantum Pasco Power, L.P., Michael Tulk, and Patrick Daly hereby give notice of filing the Supplemental Direct Testimony of Paul M. Sotkiewicz, Ph.D.

Respectfully submitted this 12th day of March 2018.



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CERTIFICATE OF SERVICE

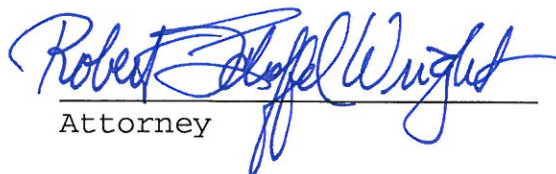
I HEREBY CERTIFY that a true and correct copy of the foregoing was furnished to the following by electronic mail on this 12th day of March 2018.

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**IN RE: PETITION FOR DETERMINATION OF NEED FOR SEMINOLE COMBINED
CYCLE FACILITY, DOCKET NO. 20170266-EC**

**IN RE: JOINT PETITION FOR DETERMINATION OF NEED FOR SHADY HILLS
GENERATING FACILITY, DOCKET NO. 20170267-EC**

**ON BEHALF OF QUANTUM PASCO POWER, L.P.,
MICHAEL TULK, AND PATRICK DALY**

SUPPLEMENTAL DIRECT TESTIMONY OF PAUL M. SOTKIEWICZ, Ph.D.

1 **Q. Please state your name, employer, and business address.**

2 **A.** My name is Paul Sotkiewicz, and I am the Founder and President of E-Cubed Policy
3 Associates, LLC. My business address is E-Cubed Policy Associates, LLC, 5502
4 N.W 81st Avenue, Gainesville, Florida 32653.

5

6 **Q. Have you previously submitted direct testimony in this proceeding?**

7 **A.** Yes. I submitted direct testimony on January 29, 2018, and I submitted corrected
8 testimony on February 14, 2018.

9

10 **Q. What is the purpose of your supplemental testimony?**

11 **A.** The purpose of my supplemental testimony is to address certain corrections to the
12 direct testimony and exhibits of Seminole Electric Cooperative, Inc.'s ("Seminole")
13 witness Julia Diazgranados.

14

15 **Q. When did you first learn of the corrections to Ms. Diazgranados's direct**
16 **testimony?**

1 A. I learned of the corrections on February 28, 2018, via an e-mail from Seminole's
2 counsel.

3

4 **Q. Please describe your understanding of the corrections to Ms. Diazgranados's**
5 **direct testimony.**

6 A. As I understand it, one of the ABB software products used by Seminole, the
7 Planning and Risk (PaR) model, was not producing correct results that included
8 properly calculated startup costs, such that those startup costs were not included in
9 the Seminole's analyses of the All-PPA Portfolio using Seminole's "new financial
10 forecast model." I further understand that this problem occurred previously, and that
11 ABB does not have a proposed "fix" for the problem at this time. In any event, Ms.
12 Diazgranados's changes reflect what Seminole asserts to be correctly calculated
13 startup costs.

14

15 **Q. Do the corrections to Ms. Diazgranados's direct testimony change any of the**
16 **conclusions or opinions set forth in your direct testimony?**

17 A. No.

18

19 **Q. Please explain why your conclusions are not changed.**

20 A. My conclusions are unchanged for two reasons. First, because I continue to strongly
21 doubt the accuracy of Seminole's load forecasts. These load forecasts have been
22 biased upward (over-forecast) for nearly a decade, and in spite of Seminole's
23 assertions to the contrary and asserted corrections, are still biased toward over-

1 forecasting load historically. Given these historical forecast errors in one direction
2 and a new forecasting methodology and new inputs that remain unproven and for
3 which we have no empirical evidence of forecast errors 3, 4, or 5 years out, I
4 continue to doubt that Seminole needs anything like the amount of capacity proposed
5 for the SCCF and the SHCCF. Secondly, even with the changes reported by Ms.
6 Diazgranados, the All-PPA Portfolio is still more cost-effective than Seminole's
7 chosen CPP Portfolio over the first ten years, by \$69 Million in CPVRRs according
8 to the revised figures rather than by \$136 Million in CPVRRs as shown in the Need
9 Study and Ms. Diazgranados's testimony as filed. Further, delaying the in-service
10 dates of the SCCF and the Tolling Agreement will almost certainly improve the
11 CPVRR and thus rate impacts to customers. This CPVRR improvement occurs
12 because Seminole's discount rate is significantly greater than the escalation rates
13 assumed by Seminole and by Mr. Taylor, and significantly greater than the
14 escalation rates generally expected in the U.S. economy and in the cost of electric
15 generating equipment specifically. In summary, my conclusions remain unchanged
16 because the All-PPA Portfolio is more cost-effective than all other portfolios over
17 the first ten years of Seminole's planning horizon, because delaying the major
18 commitments of the SCCF and SHCCF will reduce CPVRRs and customer rate
19 impacts as well as reducing customer risk, and because I continue to doubt that
20 Seminole needs the amounts of capacity proposed until later in the 2020s.

21

22 **Q. Does this conclude your supplemental testimony?**

23 **A.** Yes, it does.