

FLORIDA PUBLIC SERVICE COMMISSION

COMMISSION CONFERENCE AGENDA

DEPARTMENT OF
ENVIRONMENTAL PROTECTION

CONFERENCE DATE AND TIME: July 18, 2006, 9:30 a.m.

JUL 10 2006

LOCATION: Room 148, Betty Easley Conference Center

SITING COORDINATION

DATE ISSUED: July 7, 2006

NOTICE

Persons affected by Commission action on certain items on this agenda for which a hearing has not been held (other than actions on interim rates in file and suspend rate cases) may be allowed to address the Commission when those items are taken up for discussion at this conference. These items are designated by double asterisks (**) next to the agenda item number.

Included in the above category are items brought before the Commission for tentative or proposed action which will be subject to requests for hearing before becoming final. These actions include all tariff filings, items identified as proposed agency action (PAA), show cause actions and certain others.

To obtain a copy of staff's recommendation for any item on this agenda, contact the Division of the Commission Clerk and Administrative Services at (850) 413-6770. There may be a charge for the copy. The agenda and recommendations are also accessible on the PSC Homepage, at <http://www.floridapsc.com>, at no charge.

Any person requiring some accommodation at this conference because of a physical impairment should call the Division of the Commission Clerk and Administrative Services at (850) 413-6770 at least 48 hours before the conference. Any person who is hearing or speech impaired should contact the Commission by using the Florida Relay Service, which can be reached at 1-800-955-8771 (TDD). Assistive Listening Devices are available in the Division of the Commission Clerk and Administrative Services, Betty Easley Conference Center, Room 110.

Video and audio versions of the conference are available and can be accessed live on the PSC Homepage on the day of the Conference. The audio version is available through archive storage for up to three months afterward.

ITEM NO.

CASE

16

Docket No. 060220-EC – Petition for determination of need for Seminole Generating Station Unit 3 electrical power plant in Putnam County, by Seminole Electric Cooperative, Inc.

Critical Date(s): 07/24/06 (Commission decision required by Rule 25-22.080.F.A.C.)

Commissioners Assigned: All Commissioners

Prehearing Officer: Arriaga

Staff: ECR: Colson, Gardner, Lingo, Stallcup, Windham

GCL: Brown

(Participation is limited to Commissioners and staff.)

Issue 1: Is there a need for the proposed Seminole Generating Station Unit 3, taking into account the need for electric system reliability and integrity, as this criterion is used in Section 403.519, Florida Statutes?

Recommendation: Yes. Seminole has projected its future needs based upon serving seven of the ten member distribution cooperatives (members) that have signed contract extensions. Based on reasonable projected load growth and the expiration of existing power purchase contracts, Seminole has identified a need for additional capacity of approximately 1200 MW by 2012, of which at least 750 MW needs to be base load capacity.

Issue 2: Is there a need for the proposed Seminole Generating Station Unit 3, taking into account the need for adequate electricity at a reasonable cost, as this criterion is used in Section 403.519, Florida Statutes?

Recommendation: Yes. Seminole's analyses show that at least 750 MW of Seminole's capacity need in 2012 should be base load type capacity for reasons of economics. With current projections, SGS Unit 3 is expected to provide adequate electricity at a reasonable cost. If SGS Unit 3 is not constructed, Seminole's members and their consumers will face significantly higher costs and greater price uncertainty.

Issue 3: Is the proposed Seminole Generating Station Unit 3 the most cost-effective alternative available, as this criterion is used in Section 403.519?

Recommendation: Yes. SGS Unit 3 is the most cost-effective alternative available to Seminole, its members and their consumers to meet their base load capacity needs in 2012. Seminole's comprehensive evaluation of alternatives shows that SGS Unit 3 is more cost-effective than market-based and self-build alternatives, saving almost \$500 million relative to an all gas alternative.

Issue 4: Are there any conservation measures taken by or reasonably available to Seminole Electric Cooperative, Inc. which might mitigate the need for the proposed power plant?

Recommendation: No. Seminole's members currently have 237 MW of DSM in the form of load control Switches, voltage control, and distributed generation. Even after consideration of such conservation and DSM efforts, Seminole has a capacity need of

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over 750 MW in 2012. No additional DSM and conservation measures have been identified that would cost-effectively mitigate the need for SGS Unit 3.

Issue 5: Based on the resolution of the foregoing issues, should the Commission grant Seminole Electric Cooperative, Inc.'s petition to determine the need for the proposed Seminole Generating Station Unit 3?

Recommendation: Yes. Seminole has satisfied each of the statutory criteria for a determination of need, and Seminole, its Members and their consumers would suffer significant adverse consequences if such a determination were not granted. Seminole should continue to monitor the cost-effectiveness of SGS Unit 3 prior to committing substantial capital dollars.

Issue 6: Should this docket be closed?

Recommendation: Yes. When the Commission has issued its final order in the case and the time for reconsideration has passed, this docket should be closed.