CARLTON FIELDS

ATTORNEYS AT LAW

ONE PROGRESS PLAZA
200 CENTRAL AVENUE, SUITE 2300
ST. PETERSBURG, FLORIDA 33701-4352

MAILING ADDRESS:
P.O. BOX 2861, ST. PETERSBURG, FL 33731-2861
TEL (727) 821-7000 FAX (727) 822-3768

ORIGINAL

August 4, 2000

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

VIA FEDERAL EXPRESS

In re: Petition for Determination of Need of Hines Unit 2 Power Plant
Docket No: 001064-EI

Dear Ms. Bayo:

Florida Power Corporation ("FPC" or the "Company") is filing herewith an original, fifteen (15) copies and disc of the following documents:

1. Petition for Determination of Need for an Electrical Power Plant;
2. FPC's Request for Judicial Notice;
3. Notice of Filing Request for Judicial Notice;
4. Notice of Intent to Request Confidential Classification (original and one copy);
4. FPC's Request for Confidential Classification;
5. Notice of Filing Affidavit in Support of Request for Confidential Classification;
6. Direct Testimony of John B. Crisp (including FPC's Need Study and Appendix);
7. Confidential Direct Testimony of John B. Crisp (including the Confidential Section of FPC's Need Study including Appendix) (no disc);
8. Direct Testimony of Alan S. Taylor;
9. Confidential Supplemental Testimony of Alan S. Taylor (no disc);

APP
CAF
CMP 1
COM 5 + orig
CTR
ECR
LEG 2
OPC 1
PAI
RGO
SEC 1
SER
OTH

10. Direct Testimony of Robert D. Niekum;

11. Direct Testimony of Peter M. O'Neill;

12. Direct Testimony of W. Jeffrey Pardue; and

13. Direct Testimony of Eric G. Majors.

We request you acknowledge receipt and filing of the above by stamping the additional copy of this letter and returning it to me in the self-addressed, stamped envelope provided.

If you or your Staff have any questions regarding this filing, please contact me at (727) 821-7000.

Very truly yours,

Gary L. Sasso

Enclosures

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Determination of Need of Hines Unit 2 Power Plant.	)	Docket No.: 001064-EI
	)	Submitted for Filing: August 7, 2000

PETITION FOR DETERMINATION OF NEED FOR AN ELECTRICAL POWER PLANT

Pursuant to Section 403.519, Fla. Stats., and Rules 25-22.080 and 25-22.081, F.A.C., Florida Power Corporation ("FPC" or the "Company") respectfully petitions the Florida Public Service Commission ("PSC" or the "Commission") for an affirmative determination of need for its Hines 2 power plant. The Hines 2 power plant will be a 530 (nominal) megawatt ("MW") natural gas-fired, combined cycle power plant, using distillate oil as backup fuel, and will be located at the Hines Energy Complex ("HEC") in Polk County, Florida. FPC proposes to place the plant in commercial service by November 30, 2003. To this end, FPC filed its supplemental application for Site Certification with the Florida Department of Environmental Protection ("DEP") on July 24, 2000.

FPC is submitting in support of this Petition a Need Study (as an Exhibit to the direct testimony of John B. Crisp, FPC's Director of Integrated Resource Planning and Load Forecasting), which develops more fully the information required by Rule 25-22.081, F.A.C.

I. Preliminary Information.

1. The Petitioner's name and address are:

   Florida Power Corporation
   Post Office Box 14042
   St. Petersburg, FL 33731

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2. All pleadings, motions, orders, and other documents directed to Petitioner should be served on the following:

Gary L. Sasso
James Michael Walls
Jill H. Bowman
Carlton, Fields
Post Office Box 2861
St. Petersburg, FL 33731

Robert A. Glenn
Director, Regulatory Counsel Group
Florida Power Corporation
Post Office Box 14042
St. Petersburg, FL 33733

3. All pleadings, motions, orders, and other documents served by hand to Petitioner should be served on the following:

Gary L. Sasso
James Michael Walls
Jill H. Bowman
Carlton Fields
One Progress Plaza, Suite 2300
200 Central Ave.
St. Petersburg, Florida 33701-4352

and

Robert A. Glenn
Director, Regulatory Counsel Group
Florida Power Corporation
One Progress Plaza, Suite 1500
200 Central Ave.
St. Petersburg, Florida 33701-4352

II. Primarily Affected Utility.

4. FPC, the Petitioner for the determination of need, is the utility primarily affected by the proposed power plant. FPC is an investor-owned electric utility. Its common stock is

held by Florida Progress Corporation (which will be acquired by Carolina Power & Light). FPC serves 1.4 million retail customers in west central Florida. Its service area comprises approximately 20,000 square miles in 32 of the state's 67 counties, encompassing the cities of St. Petersburg and Clearwater and densely populated areas surrounding Orlando, Ocala, and Tallahassee. Approximately 3.0 million people live within the Company's service area. FPC supplies electricity at retail to approximately 350 communities and at wholesale to about nine Florida municipalities. Wholesale supplemental electric service is supplied to Seminole Electric Cooperative, Inc., Florida Municipal Power Agency, and Reedy Creek Improvement District.

5. FPC projects that its annual retail customer growth will be 1.6 percent and that its retail sales will grow at a rate of approximately 2.3 percent for the period 2000 to 2009. In 1999, 49 percent of FPC's sales were to residential customers, 31 percent were to commercial customers, 13 percent were to industrial customers, and 8 percent were to highway lighting and other customers.

6. FPC currently has a total capacity resource of 9,567 MW. This capacity resource includes utility purchased power (469 MW), non-utility purchased power (831 MW), combustion turbine (2,775 MW), nuclear (782 MW), fossil steam (3,958 MW), and combined cycle plants (752 MW). A more detailed description of FPC's generating resources is set forth in Schedule 1 and Tables 3.1 and 3.2 of FPC's Ten-Year Site Plan (April 2000), submitted as Appendix D to FPC's Need Study.

7. FPC has experienced excellent levels of participation in its Demand-Side Management ("DSM") Programs. Total DSM resources are shown in Schedules 3.1.1 and 3.2.1

of Appendix D to FPC's Need Study. These programs include non-dispatchable DSM, interruptible load, and dispatchable load control resources.

8. The Company is part of a nationwide interconnected power network with 54 points of interconnection with other utilities that enables power to be exchanged among utilities. The FPC transmission system includes over 4,700 circuit miles of transmission lines and over 80 transmission substations. The Company's distribution system includes over 25,000 circuit miles, with over 7,000 of those miles underground. FPC has over 270 distribution substations.

III. Proposed Electrical Power Plant.

9. The Hines 2 power plant will be a state-of-the-art gas-fired, combined cycle electrical power plant with a nominal rating of 530 MW. The plant will consist of a 2 on 1 combined cycle unit. It will use low sulfur (0.05 percent) distillate oil as backup fuel. Natural gas will be delivered by pipeline to the plant, and distillate oil will be transported by truck to the HEC. The Company will place the plant in service by November 30, 2003.

10. The plant will be a highly efficient, combined cycle unit. It will have an equivalent availability factor of approximately 94 percent, an average net operating heat rate of 6,975 Btu/kWh, and it is expected to operate in a capacity factor range of roughly 55 to 65 percent. Once it is built and operating, Hines 2 will provide FPC with greater flexibility in the overall operation of its system at an industry-leading heat rate efficiency.

11. Hines 2 will be built at the HEC in Polk County, Florida. The HEC currently contains the Hines 1 power plant and its associated facilities. The existing infrastructure – including access roads, a 722 acre cooling pond, a fully sized natural gas lateral pipeline, as well as other common facilities and manpower resources – will save the Company and its customers

significant engineering, construction, and operating costs in the construction and operation of Hines 2. FPC will be able to share existing site utilities, facilities, and equipment for Hines 1 with the Hines 2 unit. Furthermore, the Company previously obtained Site Certification from the Florida Siting Board for the HEC site in order to build the Hines 1 unit and ultimately to locate up to 3,000 MW of generating capacity at the site. As a result, FPC need only proceed with a shorter, more stream-lined supplemental Site Certification process for the purpose of building the Hines 2 unit, which FPC has now initiated with the DEP.

12. The total direct cost for building the unit is estimated to be $198 million, and FPC's estimated transmission and interconnection costs will be $5.6 million. The estimated annual levelized revenue requirement for the plant is $35.6 million over 25 years. The estimated annual fixed operating and maintenance costs ("O&M") is $2.2 million (in 2003 dollars), and the estimated variable O&M is $1.11/MWh (also in 2003 dollars). The total project cost for Hines 2 reflects significant savings compared with the current generation market for similar combined cycle units.

13. FPC believes that the Hines 2 plant will enable the Company to meet the reliability and economic needs of its ratepayers during its 25 years of expected service and that it will provide a superior source of efficient, low-cost power to FPC's ratepayers during that time. The Hines 2 plant will be fully committed to meeting these needs.

IV. FPC's Need for the Hines 2 Plant.

14. The Company needs the Hines 2 unit to maintain electric system reliability and integrity. By building Hines 2, FPC will be able to meet its commitment to increase its Reserve Margin planning criterion from a minimum of 15 percent to a minimum of 20 percent no later

than the summer of 2004. (See Appendix C to FPC's Need Study). The Company needs to add substantial new capacity to its system over the planning horizon in order to meet this planning objective. Although the Company wanted to have the leeway to transition to this new planning criterion as late as the summer of 2004, it is the Company's judgment that it will need to implement this planning criterion by the winter of 2003/04.

15. Due to the Company's recent experience with its Energy Management program, involving significant customer attrition from the Company's residential Energy Management program, and the Company's pending transition to new more cost effective Energy Management initiatives, FPC believes in its planning judgment that it needs to implement the 20 percent minimum Reserve Margin planning criterion by adding 530 MW for the winter of 2003/04. By putting Hines 2 in service by November 30, 2003, FPC will not only meet this goal, it will do so by improving the quality as well as the quantity of FPC's total reserves – adding more hard generating assets to FPC's overall resource mix.

16. In addition, FPC needs the Hines 2 plant in order to continue to provide adequate electricity at a reasonable cost. The Company has the opportunity to construct and operate Hines 2 at a cost that falls well below the current generation market for similar units. The Company is in a position to take advantage of favorable contract terms that it negotiated years ago with its equipment supplier, and the Company will be able to obtain site benefits by placing Hines 2 adjacent to the Hines 1 unit at the HEC. Further, the Hines 2 unit will provide significant fuel savings to FPC's ratepayers, conservatively estimated to be in the range of $40 million per year.

17. The addition of Hines 2 will also serve the Company's need to maintain appropriate fuel and operating diversity in its fleet, and thus to ensure the reliability and cost-

effectiveness of the Company's generation system as a whole. Hines 2 will add diversity to FPC's fleet of generating assets, in terms of fuel, technology, age, and flexibility within the dispatch stack. The Company has substantial baseload and peaking capacity through a combination of nuclear, coal, coal-by-wire, and cogeneration contracts priced on the basis of coal units. Gas-fired combined cycle unit additions to FPC's generation fleet will generate the best value trade-offs at this time because they are flexible and responsive enough to meet the challenges of intermediate service while remaining capable of shifting to baseload operations if prevailing economic or operating conditions warrant the shift. Hines 2 will meet these operating requirements, increase the fleet's fuel diversity, and further provide FPC with a cost-effective means to meet its Clean Air Act compliance requirements. FPC currently has only two other comparable combined cycle units in its fleet.

18. FPC selected the Hines 2 plant as its next-planned unit after carefully evaluating system needs and planning options through the Company's ongoing Integrated Resource Planning ("IRP") process. FPC examined key planning forecasts and assumptions – including forecasts of customer growth, energy consumption, and peak demand – in order to assess the Company's future capacity needs, and the Company analyzed a wide range of supply-side and demand-side alternatives. The Company's IRP process is described more fully in its Need Study and its recent Ten-Year Site Plan (April 2000), (Appendix D to FPC's Need Study).

19. FPC developed and analyzed forecasts for long-range electric energy consumption, customer growth, peak demand, and system load shape, based on assumptions developed by internal experts and respected, independent, sources. In conducting its planning evaluations, FPC employed both a long-term, end-use forecasting model, called the System for

Hourly and Annual Peak and Energy Simulation ("SHAPES-PC"), and short-term econometric models typically used in the utility industry. The Company's historical and forecasted energy consumption, number of customers, and energy sales are set forth in Appendices G and H to its Need Study; historical and forecasted base, high, and low summer peak demand are shown in Appendix I to its Need Study; and FPC's historical and forecasted base, high, and low winter peak demand are shown in Appendix J to FPC's Need Study. FPC's load factors are shown in Schedule 3.3.1 of FPC's 2000 Ten-Year Site Plan (Appendix D to FPC's Need Study).

20. Without the Hines 2 plant, FPC's projected Reserve Margin for winter 2003/04 would be 18 percent. As demonstrated in Appendix O to FPC's Need Study, FPC's Reserve Margins for that period and the following years will exceed the agreed minimum 20 percent Reserve Margin planning criterion if the Hines 2 plant is brought into commercial service by November 30, 2003. (FPC will need to build or purchase power from another equivalent plant in 2005 to maintain Reserve Margins through and beyond the winter of 2005.)

21. In order to meet its Reserve Margin planning criterion, and to comply with the directives of the Florida Energy Efficiency and Conservation Act ("FEECA"), the Company has relied increasingly over the last several years upon dispatchable demand-side resources to reduce the "firm" load that must be protected by planning reserves. This has included placing a significant number of willing customers on FPC's Energy Management program or interruptible service in exchange for reduced tariffs. Due to the Company's experience with its residential Energy Management program over the last two years (i.e., customer attrition due to dissatisfaction with that level of service), the Company has undertaken to reduce its reliance on these dispatchable load control alternatives. As developed more fully in the recent DSM Goals

and DSM Plan Dockets, No. 971005-EG and No. 991789-EG, respectively, FPC has revised its Energy Management program in favor of adding more generating assets to its total reserves. FPC's DSM Plan is included in Appendix K to FPC's Need Study. FPC's DSM Plan was approved by the PSC in Order No. 00-0750-PAA-EG, Docket No. 991789-EG, issued on April 17, 2000, attached as Appendix L to the Need Study.

22. The Company is facing substantial planning uncertainty about how its new residential Energy Management program, which will be launched over 2000 through 2001, will be received. This creates the need, in the Company's judgment, for additional "insurance" (or supply-side reserves), especially in the winter 2003/04 time frame, in the form of the full capacity of the Hines 2 plant. This is consistent with the Company's commitment to carry more supply-side assets as part of its total reserves than it has in the recent past. Although FPC continues to believe that its dispatchable demand-side resources provide an important and cost-effective resource when appropriately used, FPC will be counting more in the future on generating units to meet its customers' needs than on the expectation that customers participating in FPC's Energy Management program will accept frequent interruptions in service in accordance with their non-firm service provisions.

23. To illustrate, for the winter of 2003/04, FPC's estimated peak firm load is expected to be 8,231 MW, its estimated peak non-firm load would be 1,150 MW, and its estimated total peak load (without load control) would be 9,381 MW. Without the Hines 2 plant in service, FPC's firm supply-side resources (power plants on its system plus firm power purchase agreements) would be 9,748 MW, which is 1,517 MW greater than firm peak load. Because the Company calculates its Reserve Margin based on the relationship between only firm

load and firm capacity available to serve that load, FPC's Reserve Margin (without Hines 2) would be 18 percent, based on reserves of 1,517 MW. The relationship between FPC's firm supply-side resources and its total load, however, would be much lower. Specifically, FPC would have only 367 MW of firm capacity reserves in excess of total load.

24. Without Hines 2, and in the event of extreme weather or unavailable capacity, FPC would have to expect a significant number of customers participating in FPC's Energy Management program to willingly accept their non-firm service provisions so that FPC could support the remaining firm load with its firm supply-side resources. While non-firm load is available as a resource if needed, it is not a comparable substitute for generation since it cannot be used as often or for extended periods like generation could be used without having an effect on customer participation levels.

25. The PSC Staff has on occasion examined the relationship between (a) a utility's firm supply-side resources and (b) the combined total of the utility's firm supply-side resources and the utility's dispatchable demand-side resources. (The combined total of these resources is sometimes called "total reserves," as distinguished from a utility's "Reserve Margin," which measures only the relationship between firm capacity and firm load.) Using this approach, in the winter of 2003/04 and without Hines 2, FPC's firm capacity would constitute less than one fourth of FPC's total reserves. With Hines 2 in service, the Company would be able to increase the portion of its total reserves attributable to firm capacity to almost one half (45 percent). For this reason, Hines 2 will enable the Company to reduce significantly its reliance on dispatchable demand-side resources, and thus to enhance its electric system reliability and integrity.

26. In addition, the Hines 2 unit meets FPC's economic need to realize significant fuel savings through the addition of a state-of-the-art gas-fired, combined cycle unit to its fleet, estimated conservatively in the range of $40 million per year. Hines 2 will contribute further to FPC's system reliability and integrity at a reasonable cost by adding diversity to the Company's supply-side mix. The Hines 2 unit will be a highly efficient and flexible gas-fired, combined cycle unit, only the third such unit to be added to FPC's generation fleet. It will be capable of operating as either a baseload unit or intermediate unit, as warranted. The Hines 2 unit will maintain appropriate diversity in FPC's fleet, which will thereby enhance the reliability and cost-effectiveness of the Company's generation system as a whole.

V. Major Generating Alternatives Examined and Evaluated.

27. In selecting the Hines 2 power plant as its next-planned supply-side alternative, FPC examined, evaluated, and ultimately rejected other conventional, advanced, and renewable generation resources as potential capacity addition alternatives. As described more fully in FPC's Need Study (Exhibit JBC-1 to the direct testimony of John B. Crisp), FPC assessed numerous renewable technologies (wind energy conversion, solar, photovoltaic cells, wood chip, geothermal, and hydroelectric); waste technologies (refuse-to-energy conversion, sewage sludge-to-energy conversion, and used tire-to-energy conversion); advanced technologies (Brayton cycles, advanced coal technologies, magnetohydrodynamics, fuel cells, fusion, ocean wave energy, ocean tidal energy, and ocean thermal energy); energy storage systems (pumped storage, battery storage, compressed air energy storage, fly wheel energy storage, and super conducting magnetic energy storage); nuclear (fission); and conventional technologies (pulverized coal, fluidized bed, repowering, integrated gasification combined cycle ("IGCC"), simple cycle

combustion turbine, and combined cycle). As a result of FPC's initial assessment of these alternatives, FPC narrowed its options to conventional technologies.

28. FPC conducted a more detailed economic screening of the conventional technologies using the PROVIEW optimization program. (See FPC's Need Study, and Tables 7 and 8). Each generation technology was entered as a separate resource option available to PROVIEW for the development of expansion plan alternatives to supplement FPC's existing system. The PROVIEW model assessed FPC's seasonal Reserve Margins and automatically added resources, in a wide array of combinations, to meet the prescribed Minimum Reserve Margin requirements. Expansion plan alternatives were screened and ranked based on the cumulative present worth revenue requirements ("CPWRR"). The top several plans were evaluated to determine which resource option offered FPC the best balance of cost, timing, constructability, system compatibility, and strategic benefits. From this evaluation FPC selected the Hines 2 unit option as its next-planned supply-side alternative.

29. The Hines 2 power plant option offered a number of benefits that FPC could not obtain with other alternatives, including proven technology, high efficiency, environmental benefits, and high cost-effectiveness. For these reasons, many utilities and non-utility developers have preferred natural gas-fired, combined cycle power plants for new capacity additions. In addition, FPC had an opportunity to take advantage of substantial price and other contract benefits from its combined cycle technology supplier. These contract benefits represent somewhere between a $20 to $40 million advantage to FPC's ratepayers over current market prices for the same combined cycle technology. As a result, the Hines 2 unit option is extremely cost-effective.

30. Having selected the Hines 2 power plant as its next-planned generating alternative, FPC undertook to solicit competitive alternative proposals from third parties, pursuant to Rule 25-22.082, F.A.C. On January 26, 2000, FPC issued a Request for Proposals ("RFP") (Appendix P to FPC's Need Study). FPC filed its RFP with the PSC on January 26, 2000. In its RFP, the Company described Hines 2 as its next-planned generating alternative and invited interested persons to make alternative proposals to FPC that might offer superior value and other attributes. The Company requested potential bidders to provide notice by February 10, 2000, advising FPC whether they intended to submit a proposal, and the Company set up a pre-bid meeting with interested persons on February 18, 2000, to provide an opportunity for interested persons to ask questions and to discuss the RFP.

31. Thirteen companies submitted notices of intent to bid on the project, and representatives of twelve entities attended the pre-bid meeting. A member of the PSC Staff also attended. At the meeting, and in response to questions raised before the meeting, FPC indicated that it would entertain proposals by bidders to build their power plants at the HEC.

32. In addition, FPC identified a contact person to handle all questions about the RFP, and FPC provided answers to various inquiries during the time before submission of bids. FPC circulated questions that the Company believed might be of general interest – and the Company's answers — to all bidders that had submitted a notice of intent to bid. FPC also posted the answers to the potential bidders' questions, as well as a transcript of the pre-bid meeting, on the Company's website.

33. In its RFP, FPC stated that proposals were due by March 27, 2000. Although many more potential bidders had expressed an intention to bid, two bidders in fact submitted

proposals for FPC's consideration. Since they requested that the terms of their proposals be treated as confidential, FPC is submitting copies of the proposals on a confidential basis to the PSC, as (Confidential) Appendices 1 and 2 to the Confidential Section of FPC's Need Study. We are also filing herewith the Confidential Section of the Need Study (as an Exhibit to the Confidential Testimony of John B. Crisp), and the Confidential Testimony of Mr. Crisp and Alan S. Taylor, a consultant with PHB Hagler Bailly retained by FPC to assist the Company with the RFP, explaining FPC's evaluation of these proposals.

34. FPC conducted an initial evaluation of each of the two proposals with PROSCREEN, and then conducted a more complete evaluation comparing them to Hines 2. The Hines 2 alternative proved to be superior to both of these alternatives on the basis of price factors alone, calling for significantly lower revenue requirements over the life of the project. The results of the Company's economic evaluations in its initial screening of the proposals are set forth in (Confidential) Appendix 5 to the Confidential Section of the Company's Need Study.

35. Although neither proposal was more cost-effective than the Hines 2 unit option in the Company's initial screening, the Company elected to conduct a more thorough supplemental economic screening of the proposals and the Hines 2 unit. For the supplemental screening the Company used PROSYM — an hourly production costing model that enables a more detailed utility-system simulation than PROSCREEN — and a proforma financial spreadsheet to capture the total system revenue requirements in more detail by including all available information on the capital requirements of each proposal and FPC's other system options. The supplemental screening evaluation provided FPC a more refined assessment of the price attributes of the two proposals.

36. The supplemental screening using the PROSYM model and financial spreadsheet provided a refined value for the CPWRR for each resource option evaluated. The comparisons of the two proposal-based expansion plans to the Hines 2 expansion plan in the supplemental screening process is shown in (Confidential) Appendix 6 to the Confidential Section of FPC's Need Study. As demonstrated there, on price factors alone, Hines 2 was the most cost-effective resource available to FPC to meet its reliability needs.

37. Likewise, both proposals proved to be significantly disadvantageous in comparison to Hines 2 based on non-price attributes. The results of the Company's evaluation of the non-price attributes of both proposals are set forth in (Confidential) Appendices 7 and 8 to the Confidential Section of FPC's Need Study.

38. Based on the Company's thorough analysis of numerous supply-side technology options and the two bids made to the Company during the RFP process, FPC concluded that the Hines 2 plant is the most cost-effective supply-side alternative available to it.

VI. Viable Non-Generating Alternatives.

39. Apart from conducting an extensive screening of supply-side alternatives, FPC also scrutinized viable non-generating, demand-side alternatives before deciding to build the Hines 2 power plant. FPC recently revised and submitted for PSC approval its DSM Plan in the DSM Plan Docket, No. 991789-EG. (Appendix K to FPC's Need Study). The PSC approved FPC's DSM Plan by order dated April 17, 2000. (Appendix L to FPC's Need Study). In its DSM Plan, FPC evaluated and proposed various demand-side strategies which comply with the FEECA and Commission-approved tests of cost-effectiveness. As FPC demonstrated more fully in its DSM Plan, FPC projects that it will be able to reduce peak demand and energy

consumption through the viable DSM measures reasonably available to it. The reduction in demand and energy expected by the Company is nonetheless insufficient to ameliorate FPC's need to add supply-side resources to its system, particularly in view of the fact that FPC will be facing a period of uncertainty about (a) the efficacy of its new residential Energy Management program as the transition occurs to this program and (b) the continuing participation rates on the remaining existing programs. Thus, FPC concluded that it should build Hines 2 (or obtain an equivalent commitment of supply-side resources) in order to meet its needs discussed in Part IV above.

VII. Adverse Consequences of Delay.

40. If the Hines 2 plant is delayed, FPC would not be able to satisfy its desired minimum 20 percent Reserve Margin planning criterion by the winter of 2003/04. This would expose FPC's customers to a risk of interruption of service in the event of unanticipated forced outages or other exigencies for which FPC maintains reserves. Delay would further subject FPC's customers to the risk resulting from the overall performance of, and the transition to, the Company's new residential Energy Management program. In addition, a delay in the Hines 2 unit would defer or possibly eliminate the estimated fuel savings from the plant and may also impact the Company's ability to preserve its below market pricing for the Hines 2 unit. Estimates of the cost impacts of a one or two year delay, absent the potential reliability impacts, range from $40 to $70 million (CPWRR).

VIII. Disputed Issues of Material Fact.

41. FPC is not aware at this time that there will be any disputed issues of material fact in this proceeding. Through its testimony and exhibits, FPC expects to demonstrate that the proposed plant satisfies the statutory criteria set forth in Section 403.519, Fla. Stats.

IX. Conclusion.

42. FPC seeks an affirmative determination of need for the Hines 2 power plant to meet FPC's needs for electric system reliability and integrity and to enable FPC to continue to provide adequate electricity to its ratepayers at a reasonable cost. FPC determined to seek this approval only after conducting a rigorous internal review of supply-side and demand-side options, and after soliciting and evaluating competing proposals submitted by interested third party suppliers. The Company has attempted to avoid or defer constructing the unit by considering and pursuing demand-side options reasonably available to it, but the Company has nonetheless concluded that it cannot avoid or defer its need to build the unit.

43. The Hines 2 power plant will be a state-of-the-art, highly efficient, environmentally benign unit, and it will be built at a site planned and well suited for expansion of FPC's generation system. The plant is the most cost-effective alternative available to FPC. It will provide needed diversity, efficiency, and cost-effectiveness to the Company's fleet, enabling the Company to achieve substantial fuel savings for its ratepayers over the life of the plant. For all these reasons, and for the reasons developed more fully in FPC's Need Study (the Confidential Section of that Study) and supporting appendices and tables, and its pre-filed testimony and exhibits, FPC respectfully requests that the PSC grant a favorable determination of need for the Hines 2 plant.

44. Pursuant to Rule 25-22.080(2), F.A.C., FPC respectfully requests that, within seven days, the Commission set a date no later than October 30, 2000, for commencement of a hearing on this Petition; that the Commission give notice of the commencement of the proceeding as required by Rule 25-22.080(3), F.A.C.; and that the Commission determine that there is a need for the proposed electrical power plant described in this Petition, and file its order making such determination with the Florida Department of Environmental Protection pursuant to Section 403.507(2)(a)2, Fla. Stats.

Respectfully submitted this 7th day of August 2000.

Gary L. Sasso
J. Michael Walls
Jill H. Bowman
Carlton Fields
P. O. Box 2861
St. Petersburg, Florida 33731-2861
Telephone: (727) 821-7000
Facsimile: (727) 822-3768

and

Robert A. Glenn
Director, Regulatory Counsel Group
Florida Power Corporation
P.O. Box 2861
St. Petersburg, FL 33731
Telephone: (727) 820-5184
Facsimile: (727) 820-5519