

September 17, 2007

HAND DELIVERED

Ms. Ann Cole, Director
Office of Comm
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 3 2399-0850

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COMMISSION
CLERK

Re: Prehearing Statement by Southern Alliance for Clean Energy (SACE)
Docket No. 070467-E1

Dear Ms. Cole:

Enclosed for filing in the above docket are the original and seven copies of SACE's
Prehearing Statement.

Thank you for your assistance in connection with this matter.



George Cavros, Esq.
Florida Bar No. 0022405
Counsel for Southern Alliance for Clean Energy
120 E. Oakland Park Blvd, Ste. 105
Fort Lauderdale, FL 33334

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DOCUMENT NUMBER-DATE

08453 SEP 17 07

FPSC-COMMISSION CLERK

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition to determine need for
Polk Unit 6 electrical power plant, by
Tampa Electric Company.

DOCKET NO. 070467-EI

Filed September 17, 2007

SACE's PREHEARING STATEMENT

Pursuant to Order No. PSC-07-0639-PCO-EI, issued August 6, 2007, Southern Alliance for Clean Energy (SACE) hereby files its Prehearing Statement.

1. All Known Witnesses

Witness

Subject Matter / Issues

David Nichols

Demand Side Management Analysis; Issues 1, 2, 3, 4 and 5.

Stephen A. Smith

Need and Regulatory Compliance Costs; Issue 2, 3, 4, 5, 6 and 7.

SACE reserves the right to call such other witnesses as may be determined in the course of discovery and preparation for final hearing in this matter, including witnesses necessary for authentication and impeachment.

2. All Known Exhibits

Exhibit

Witness

Description

Ex. ___ DN-1

Nichols

Nichols Resume

Ex. ___ DN-2

Nichols

DSM Incentives

Ex. ___ DN-3

Nichols

ACEEE Study

Ex. ___ DN-4

Nichols

DSM Leaders

Ex. ___ SS-1

Smith

Smith Resume

Ex. ___ SS-2

Smith

Executive Order 07-127

DOCUMENT NUMBER-DATE

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Ex. ____	SS-3	Smith	Executive Order 07-128
Ex. ____	SS-4	Smith	DEP Notice
Ex. ____	SS-5	Smith	DEP Workshop
Ex. ____	SS-6	Smith	CO2 Impacts
Ex. ____	SS-7	Smith	CO2 Hurricane Study
Ex. ____	SS-8	Smith	CO2 Cyclone Study
Ex. ____	SS-9	Smith	NOAA Damage Data

In addition, SACE may rely upon exhibits introduced by other parties, subject to objections.

3. Statement of Basic Position

TECO has failed to identify and implement all cost-effective Demand Side Management (DSM) program potential in its service area for the years 2007 – 2014. An analysis of TECO’s pending Docket 070375-EG, a modified TECO Demand Side Management Plan, and information obtained through discovery in this docket does not bear out TECO’s conclusion that it has identified all of the cost-effective DSM program potential in its service area.

The customer financial incentives employed in the Company’s modified DSM proposal are low, as low as two percent of the customer’s cost for an efficiency measure. Increased incentives would increase customer participation levels and the energy and demand impacts of the TECO’s DSM.

Under the Rate Impact Measure (RIM) test constraint on DSM cost effectiveness, there is room for the Company to both increase incentives and offer a financing program to realize additional energy efficiency. Since DSM impacts can be increased through

these means, the Company has not succeeded in identifying all the cost-effective DSM program potential in its service area for the years 2007 through 2014.

If the Total Resource Cost (TRC) test for DSM cost-effectiveness is used instead of the RIM test, there is even more room for the Company to increase incentives, and additional measures can be added to its DSM program, while at the same time a financing program can be added to realize additional energy efficiency.

Both the level of DSM potential realized by the Company in the past, and that planned for the future, necessarily affect the magnitude and timing of projected future capacity needs, such as those asserted in the present docket. While it is difficult to determine the quantity of additional DSM available at this time without further information from TECO, it is clear that additional DSM beyond that in the modified DSM Plan is reasonably available, and that further load reductions can be achieved that might further mitigate the need for the proposed plant.

Additionally, TECO's determination of need analysis does not address Governor Crist's Executive Orders 17-127 and 07-128 that include a mandated reduction in Greenhouse Gas Emission from the utility sector that will absolutely affect the cost of operating the TECO Polk 6 Unit in its lifetime. These include rules being developed by the Department of Environmental Protection ("FDEP") that would require the electric utility sector to reduce greenhouse gas emissions to year 2000 levels by 2017, to 1990 levels by 2025 and to 20% of 1990 levels by 2050. With TECO proposing to add a 632 MW coal plant, in addition to other generation capacity for peaking needs, it doesn't seem likely that TECO could meet the greenhouse gas emission reduction targets without

carbon capture and sequestration or environmental compliance costs – all reducing the cost-effectiveness in meeting demand.

Executive Order 17-127 also directs the PSC to develop new regulations requiring electric utilities to produce at least 20% of their electricity from renewable sources with a strong focus on solar and wind energy. Compliance with this Renewable Portfolio Standard would greatly reduce or eliminate the need for the proposed new coal unit. At the very least, TECO should be required to reevaluate the use of renewable sources as a result of the Executive Order, because its need study dismisses solar and wind as providing any significant portion of TECO's electricity generation.

Finally, there are other reasons to question the need for the proposed TECO unit, including the lack of need for a 20% reserve margin for TECO, and including the failure by TECO to adequately evaluate DSM and renewable energy technologies in its integrated resource plan used to justify the proposed new unit.

4. Statement of Issues and Positions

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

Position: No. End user energy efficiency provide for electric system reliability and integrity. Nichols / Smith. In addition, the assumed reserve margin of 20% is excessive.

Issue 2: Is there a need for the proposed generating unit, taking into account the need for adequate electricity at a reasonable cost, as this criterion is used in Section 403.519, Florida Statute?

Position: No. TECO's proposal to build a new coal-fired power plant unit without a commitment for carbon sequestration and without pursuing all reasonably available conservation and renewable measures that are more cost effective than new generation presents an unacceptable risk to ratepayers. Properly planned and executed energy efficiency is the least cost option

both economically and environmentally. Nichols/Smith. A planned renewable portfolio requirement will also offset the need for the plant. Smith.

Issue 3: Is there a need for the proposed generating unit, taking into account the need for fuel diversity and supply reliability, as this criterion is used in Section 403.519, Florida Statutes?

Position: No. End user energy efficiency provide for electric system reliability and integrity. In addition, a planned renewable portfolio requirement will also offset the need for the plant and provide diversity and reliability. Nichols / Smith.

Issue 4: Are there any conservation measures taken by or reasonably available to Tampa Electric Company which might mitigate the need for the proposed generating unit?

Position: Yes. There are several conservation measures reasonably available to TECO which would reduce forecasted electricity demand and thus contribute to further mitigating the need for the proposed unit. These include increasing the customer incentives to participate in existing and proposed DSM programs, adding a financing program whereby customers participating in DSM programs could finance their portion of DSM costs through the utility bill, and adding additional conservation measures to the suite of DSM programs offered to customers. There is evidence suggesting that by pursuing such measures TECO could increase its DSM impacts substantially by 2013, to a level several times what is currently proposed by the Company. Nichols.

Issue 5: Is the proposed generating unit the most cost-effective alternative available, as this criterion is used in Section 403.519, Florida Statutes?

Position: No. The most cost-effective resource is energy efficiency. Measures that pass both the RIM test and TRC testy have not been maximized by TECO. Nichols / Smith. The construction of a new coal-fired power plant without incorporating carbon capture sequestration creates an unacceptable financial risk to taxpayers. Properly planned and executed energy efficiency and renewable sources are the least cost options both economically and environmentally. Smith / Nichols.

Issue 6: Has TECO appropriately evaluated the cost of CO2 emission mitigation costs in its economic analysis?

No. TECO's determination of need analysis does not address Governor Crist's Executive Orders 17-127 and 07-128 that include a mandated reduction in Greenhouse Gas Emissions from the utility sector that will

absolutely affect the cost of operating the TECO Polk 6 Unit in its lifetime. These include rules being developed by the Department of Environmental Protection (“FDEP”) that would require utilities, such as TECO, to reduce greenhouse gas emissions to year 2000 levels by 2017, to 1990 levels by 2025 and to 20% of 1990 levels by 2050. Due to the growth of greenhouse gas emissions from Florida electric utilities since 2000, in order to meet these targets the utilities in aggregate would need to reduce emissions by 6% by 2017, 30% by 2025, and 86% by 2050, as compared to 2004 levels.

Issue 7: Based on the resolution of the foregoing issues, should the Commission grant TECO’s petition to determine the need for the proposed generating unit?

Position: No. TECO’s petition should be denied for the reasons stated above.

Issue 8: Should this docket be closed?

Position: This docket should be closed or held in abeyance while TECO develops reasonably available energy efficiency measures that are more cost-effective than new coal-fired generation and report back on those measures as they relate to the need for a new coal-fired generation unit.

5. Stipulated Issues

None.

6. Pending Motions and Other Matters Upon Which Action is Sought

Southern Alliance For Clean Energy’s Request For Representation By Qualified Representative.

7. Pending Requests or Claims for Confidentiality

None.

8. Objections to Witness Qualifications as an Expert

None

9. Compliance with Order PSC-07-0639-PCO

At this time, SACE is unaware of any requirements of the Order Establishing Procedure with which it cannot comply.

Respectfully submitted this 17th day of September, 2007.

/s/George Cavros

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy and correct copy of the foregoing was served on this 17th day of September via US Mail on:

Ausley and McMullen
Lee L. Willis, Esq.
James D. Beasley, Esq.
P.O. Box 391
Tallahassee, FL 32302

Florida Public Service Commission
Jennifer Brubaker, Esq.
2540 Shumard Oak Blvd.
Tallahassee, FL 3299-0850

This 17th day of September, 2007.

/s/ George Cavros