

Ann Cole

From: Ann Cole
Sent: Friday, January 09, 2009 1:06 PM
To: Bill McNulty
Cc: Lorena Holley; William C. Garner; Roberta Bass; Larry Harris
Subject: FW: Document to be Included in Docket No. 080503-EI
Attachments: Flow path.doc

I have printed the attachment. It has been assigned Document Number 00208-09 and has been made a part of the docket file.

From: Bill McNulty
Sent: Friday, January 09, 2009 11:39 AM
To: Ann Cole
Cc: Lorena Holley; William C. Garner; Roberta Bass; Larry Harris
Subject: Document to be Included in Docket No. 080503-EI

Ann,

Please enter the attached document into the docket file of Docket No. 080503-EI. This document was prepared by Commissioner Skop for purposes of discussion at today's Special Agenda conference. Thank you!

Bill

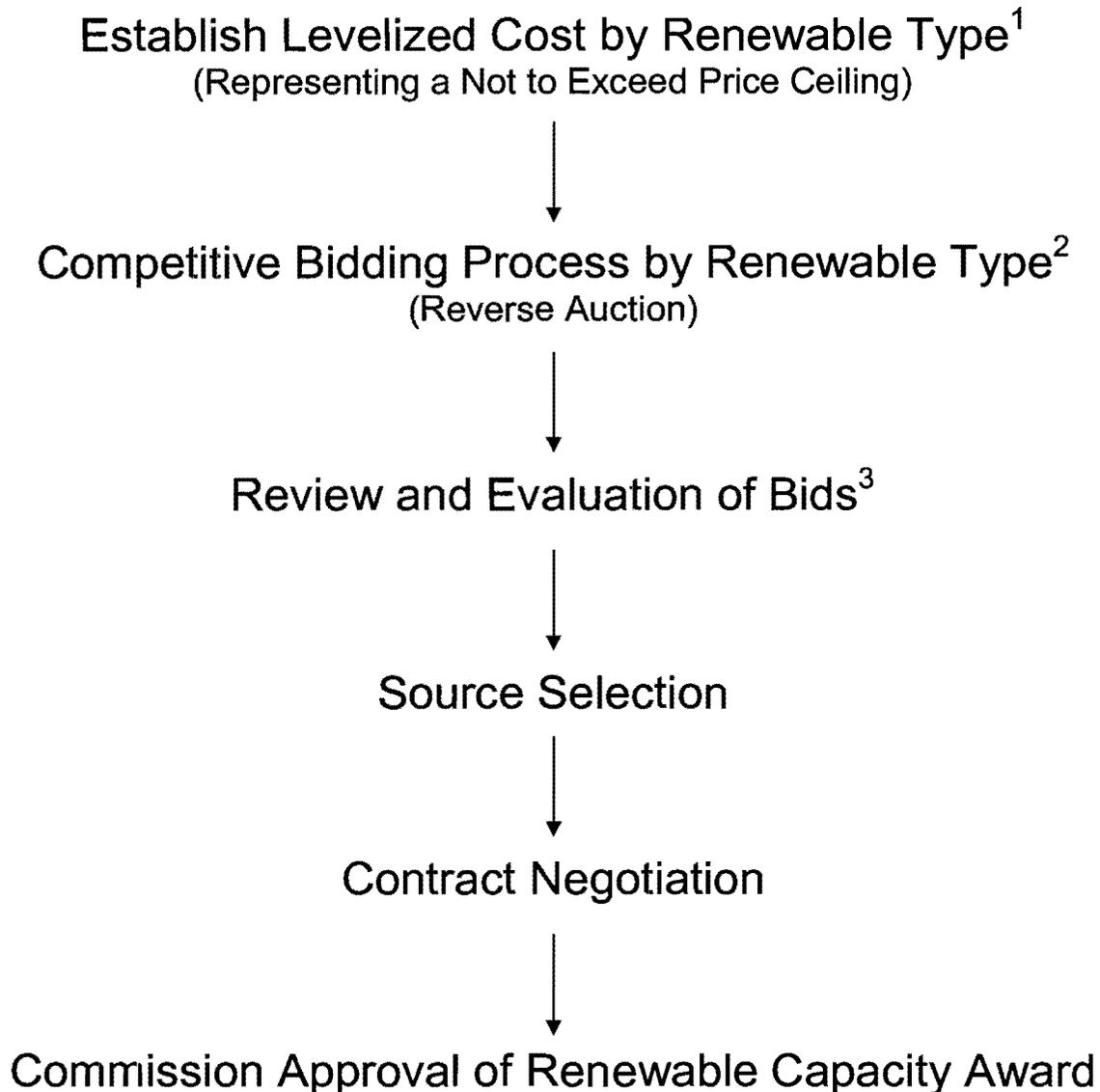
*Bill McNulty
Chief Advisor to Commissioner Skop
Florida Public Service Commission
(850) 413-6028 (office)
(850) 413-6029 (fax)
bmcnulty@psc.state.fl.us*

DOCUMENT NUMBER-DATE

00208 JAN-9 8

FPSC-COMMISSION CLERK

1/9/2009



¹ Levelized Cost would be established based upon the expected economic life of the renewable project (e.g., 25 years for solar and wind, etc.). This is necessary to ensure that consumers would not be overpaying for the renewable resource in contracts having a shorter term than the life of the project. Without this step, it would be difficult to establish an objective comparison of the cost-effectiveness of negotiated contracts. As an illustrative example, negotiated pricing under a 10 year contract might reflect full payback on a project having an economic useful life of 25 years as opposed to properly paying the life cycle levelized cost. In a resource constrained environment, it is important to maximize revenue cap resources by not overpaying for resources. Comparison to levelized cost thus provides an essential check and balance for evaluating negotiated contracts. While standard offer contracts could also be developed during this process, a negotiated contract or bilateral contract approach could also be adopted by the Commission.

² Used to obtain best pricing of capacity awards by renewable type; conducted annually by each utility. Utility may participate in bidding process providing the self-build option. Utility cost recovery limited to the same levelized cost payment stream that a competing bidder would receive.

³ Performed by each utility.

DOCUMENT NUMBER-DATE

00208 JAN-98

FPSC-COMMISSION CLERK