

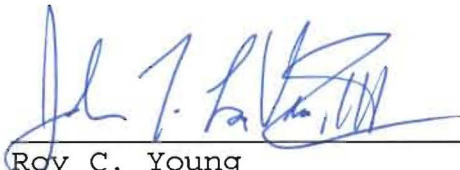
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: JOINT PETITION TO DETERMINE NEED)
FOR GAINESVILLE RENEWABLE ENERGY CENTER) DOCKET NO. 090451-EM
IN ALACHUA COUNTY, BY GAINESVILLE)
REGIONAL UTILITIES AND GAINESVILLE) DATED: April 29, 2010
RENEWABLE ENERGY CENTER, LLC.)
_____)

NOTICE OF SERVICE OF
GAINESVILLE REGIONAL UTILITIES AND
GAINESVILLE RENEWABLE ENERGY CENTER, LLC'S
ERRATA TO THE SUPPLEMENTAL TESTIMONY OF PEGEEN HANRAHAN

Gainesville Regional Utilities and Gainesville Renewable
Energy Center, LLC, by and through its undersigned counsel,
hereby files revised pages 7, 9, 11, 12, and 17 to the
supplemental testimony of Pegeen Hanrahan previously filed with
the Commission on March 15, 2010, by hand-delivery and U.S. Mail
on this 29th day of April, 2010.

Young van Assenderp, P.A.



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CERTIFICATE OF SERVICE


I hereby certify that a copy of the foregoing was served upon the following by United States Mail and electronic mail on this 29th day of April, 2010.

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1 A. Under the PSC's need determination statute, the PSC is the "exclusive forum"
2 for determining need for proposed electrical power plants that are of a certain
3 size and technology. As a 100 MW steam generating unit, GREC is subject to
4 the mandatory jurisdiction of the Power Plant Siting Act. In these cases, the PSC
5 is charged to consider a list of statutory criteria, plus other matters within its
6 jurisdiction. Ultimately, after taking into account the various factors and criteria,
7 the PSC makes its determination as to whether a proposed plant is needed based
8 on whether it fulfills at least one of the criteria considered.

9

10 **Q. How do you believe the PSC should evaluate Gainesville's petition for**
11 **determination of need for GREC?**

12 A. I believe that the PSC should give careful consideration to the fact that this is a
13 need determination for a renewable energy power plant proposed by a municipal
14 utility serving its customers, who are also its citizens. I believe that this
15 evaluative framework is appropriate for Gainesville's proposal because we –
16 GRU and the Gainesville City Commission – are directly subject to local
17 electoral control and because the Gainesville City Commission is interested in
18 maximizing the long-term benefits to our customers, citizens, and community
19 rather than maximizing shareholder returns. I and my fellow Commissioners
20 serve as GRU's Board of Directors and as such have fiduciary responsibility for
21 the utility and we are keenly aware of our fundamental commitment to provide
22 reliable electric service at a reasonable cost. GRU is a AA-rated utility by
23 Standard and Poor's and Moody's Investor Services – one of only 20 of the
24 2,000 municipal utilities in the US that carries this high bond rating. I believe

1 **planning purposes, and that adding GREC in 2013 could cause customers'**
2 **bills to increase in the near-term?**

3 A. Yes. These factors were considered explicitly and publicly. I would emphasize
4 that GREC is expected to decrease GRU's customers' costs over the long-term.

5
6 **Q. Was the Gainesville community informed that GREC would go into service**
7 **prior to GRU's anticipated need for capacity to maintain reserve margin**
8 **requirements?**

9 A. Yes. Throughout the public planning process I've discussed, GRU's projected
10 resource needs from a reserve margin perspective were communicated to our
11 community at a number of meetings.

12
13 **Q. Members of the PSC discussed the question of the City Commission's**
14 **accountability to Gainesville's citizens. Do you believe that local electoral**
15 **control provides adequate protection for your citizens and electric**
16 **customers?**

17 A. Yes. This is the nature of public power: we are subject to local control, and
18 electoral response can be fairly immediate. With GREC, if – contrary to our
19 expectation – our customers' bills were to increase more than is acceptable to our
20 citizens in light of the benefits provided by the Project, we will hear about it in
21 the next election cycle. Gainesville holds elections every single year. So far,
22 eleven Commissioners have voted unanimously in support of GREC over the
23 years, including myself and sitting Commissioners Craig Lowe, Jack Donovan,
24 Thomas Hawkins, Lauren Poe, Jeanna Mastrodicasa, and Sherwin Henry, and

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We also expect to progress beyond the 2012 goals, consistent with the longer-term targets of the Kyoto Protocol and consistent with the goals set for Florida by Governor Crist's Executive Order No. 07-127, i.e., to be on a path to attain significant additional reductions between now and 2050. In qualitative terms, I want to stress that the City and the Gainesville community take our pledge under the Mayors Climate Protection Agreement with the utmost seriousness.

Q. How will the City of Gainesville meet its CO₂ emissions reduction goals if the GREC Petition for Determination of Need is not approved?

A. Without GREC, it would be very difficult to meet our CO₂ emissions reduction goals, and any alternative methods of doing so would be much more expensive.

Risks and Risk Mitigation

Q. During the February 9, 2010 Agenda Conference, several members of the PSC expressed interest in understanding more about GRU's risk mitigation activities in connection with GREC. [TR P6, L4, P29, L7, P37, L14, P50, L9] In your previous discussion, you mentioned several of the risks facing Gainesville and your electric customers that you believe GREC will mitigate. Please summarize those risks, and any other risks that GRU and its customers either face or are protected against by GREC.

A. As I stated above, the risks that GREC mitigates include our risk exposure to likely GHG regulation and renewable energy mandates, and the risks of fossil fuel price volatility and supply disruptions. Additionally, the supplemental

1 testimony of Ed Regan discusses several risks that we have been able to protect
2 against, or mitigate, through favorable terms in our power purchase contract with
3 GREC LLC.

4

5 Of course there are risks inherent in any major decision, because we do not have
6 perfect information about the future. Such risks are present in any decision to
7 construct any power plant, or any other significant capital project. Fuel costs can
8 change and markets can change, and any decision can – eventually, in
9 hindsight – turn out well or not so well. After many public meetings and with
10 volumes of public input, we evaluated all the risks that we could identify and
11 considered them carefully and thoroughly in order to develop mitigation strategies.
12 As I see it, moving forward with GREC is a quantifiable minimum risk, while
13 doing nothing poses much greater risks to GRU and the Gainesville community.

14

15 **Q. Do you believe that the risks mitigated outweigh the risks taken?**

16 A. Yes, absolutely and unequivocally. As Mr. Regan testifies, the expected risk-
17 mitigation benefits of GREC far exceed the worst-case possible costs.

18

19 **Q. What about the risks that GRU and GRU's customers face if GREC is not
20 constructed as proposed?**

21 A. The downside risk of **not** proceeding with GREC is far greater than the risk we
22 face if we **do** proceed with GREC. If GREC is not constructed as proposed by
23 GRU and GREC LLC, we will still be committed to mitigating the risks of fuel
24 price volatility and supply disruptions, carbon legislation and renewable energy

1 renewable energy mandates. GREC is the most cost-effective renewable
2 resource available to GRU, and as a base load resource, helps us improve
3 reliability.

4

5 **Q. Will GREC provide benefits to the State of Florida as a whole?**

6 A. Yes. The benefits that the City of Gainesville will realize through GREC carry
7 over to the entire State. In particular, any utility that purchases a share of GREC
8 during its initial 10 years of operation will share the same benefits as GRU
9 related to fuel diversity, CO₂ emissions reduction, energy independence, and
10 increased use of renewables. Over its operating life, GREC will contribute to
11 statewide energy independence, reduced CO₂ emissions, improved
12 environmental conditions and fuel diversity, while providing economic stimulus
13 in the form of jobs in the region.

14

15 **Q. Please summarize your testimony, including what action you are asking the**
16 **PSC to take in this case.**

17 A. GRU and the City of Gainesville thoroughly considered and carefully evaluated
18 many alternatives, with extensive public deliberation and voluminous public
19 input before selecting the Gainesville Renewable Energy Center Project and
20 petitioning for the PSC's determination of need. We exist to serve the public
21 interest of the Gainesville community, and Gainesville needs GREC not only to
22 meet our long-term needs for a reliable, environmentally sound power supply,
23 but also to meet our goals of energy independence and sustainability; to mitigate
24 the risks of climate change and renewable energy standards regulation; to