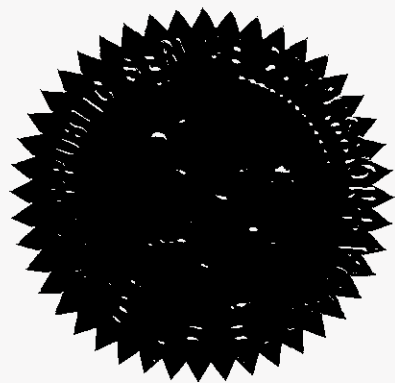


BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 100169-EI

PETITION FOR APPROVAL OF A  
RENEWABLE ENERGY TARIFF AND  
STANDARD OFFER CONTRACT, BY  
FLORIDA POWER & LIGHT COMPANY.



PROCEEDINGS: AGENDA CONFERENCE  
ITEM NO. 5

COMMISSIONERS  
PARTICIPATING: CHAIRMAN NANCY ARGENZIANO  
COMMISSIONER LISA POLAK EDGAR  
COMMISSIONER NATHAN A. SKOP

DATE: Tuesday, July 13, 2010

PLACE: Betty Easley Conference Center  
Room 148  
4075 Esplanade Way  
Tallahassee, Florida

REPORTED BY: JANE FAUROT, RPR  
Official FPSC Reporter  
(850) 413-6732

DOCUMENT # 100169-EI

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## P R O C E E D I N G S

1  
2           **CHAIRMAN ARGENZIANO:** Okay. Let's move on  
3 to Item 5.

4           First, let me say we have a birthday  
5 today. I forgot about that. Happy birthday, Tim.  
6 I know 37 is a tough year, isn't it? (Laughter.)  
7 Have a great day!

8           Okay. We're on Item 5.

9           **MR. BROWN:** Good morning, Madam Chair,  
10 fellow Commissioners; Shevie Brown on behalf of  
11 Staff.

12           Item 5 is a petition for approval of a  
13 renewable energy tariff and standard offer contract  
14 by Florida Power and Light. Staff believes the  
15 standard offer contract and the related tariffs  
16 comply with Rules 25-17.200 through 25-17.310,  
17 Florida Administrative Codes, and therefore should  
18 be approved.

19           Staff is available for any questions.

20           **CHAIRMAN ARGENZIANO:** Thank you.

21           Commissioner Skop.

22           **COMMISSIONER SKOP:** Thank you, Madam  
23 Chair. Just a question for staff. On Page 3 of the  
24 staff recommendation, the avoided unit is identified  
25 as a greenfield 1,212-megawatt natural gas-fired

1 combined cycle plant with a projected in-service  
2 date of June 2025. And I guess the question I have,  
3 this is a standard offer contract, but recently the  
4 Commission approved a contract for FPL and a waste  
5 energy provider that was based on a 2012 Glades  
6 coal-fired unit, and I just wanted to speak a little  
7 bit between the cost differences of those. I  
8 believe that was a negotiated contract versus a  
9 standard offer contract.

10 But in terms of advancing renewables in  
11 the state, certainly the avoided unit makes a lot of  
12 difference when it comes down to what type of  
13 payment stream can be expected. I just wanted staff  
14 to elaborate on that a little bit.

15 **MR. BROWN:** Yes, you're correct,  
16 Commissioner.

17 The one that you're talking about was done  
18 a little bit earlier last year. That was the solid  
19 waste authority contract, and it was a negotiated  
20 contract. And what happened in that one was the  
21 payments were based on a coal unit, but the reason  
22 why is because the smaller -- the payments were  
23 smaller, therefore, FPL's customers also received  
24 the benefit of those smaller payments in that unit.

25 Here we have a 2025 CC unit here on the --

1 in the standard offer contract, and those units, the  
2 payments -- what we did was we used -- we had four  
3 different scenarios; normal, levelized payments, we  
4 looked at early levelized payments, early payments,  
5 and the other one was -- let me make sure I get that  
6 correct. Yes, just straight levelized, and saw the  
7 benefits of that.

8 **COMMISSIONER SKOP:** Okay. Thank you.

9 With respect to the smaller payments, you  
10 know, I guess when evaluating the projects, you  
11 know, it's on a case-by-case basis to the extent  
12 that, you know, at one point in time coal prices may  
13 be through the roof because of rail transportation  
14 costs and natural gas may be at a historical low.  
15 So, again, looking at the totality, you know, I'm  
16 not so sure that the small payment aspect is, you  
17 know, a generalization that can be made because it  
18 shifts accordingly. I would look at it to the  
19 extent that on a hypothetical, you know, or a  
20 fictitious 2012 Glades County Coal Unit, a unit that  
21 will never exist, it exists in fiction, that the  
22 capital costs of that plant will probably be about  
23 four times the cost of the avoided unit. I mean, I  
24 think that when the Glades units came before us it  
25 was like \$6 billion, which at the time was almost

1 the cost of a nuclear plant.

2 **MR. BROWN:** That's correct.

3 **COMMISSIONER SKOP:** So when you look at  
4 the capacity payments which, basically lock in, you  
5 know, a certain fee and take out the variability of  
6 the fuel price cost, I think it does matter. But I  
7 just wanted to, you know, just ask staff, because,  
8 again, the choice of the avoided unit has a lot to  
9 do with what type of payment stream a renewable  
10 developer could provide. And, obviously, you know,  
11 a coal unit, I think, would be preferable to a  
12 developer in the instance where it was in a  
13 negotiated contract --

14 **MR. BROWN:** Absolutely.

15 **COMMISSIONER SKOP:** -- versus a  
16 hypothetical combined cycle unit way out in the  
17 future that, you know, may not be built yet as being  
18 used as the proxy for the avoided unit. So I have  
19 no problem with the rest of the recommendation,  
20 Madam Chair, and at the appropriate time I would  
21 make a motion to move staff's recommendation on  
22 Issues 1 and 2.

23 **MR. COX:** Chairman Argenziano, Will Cox  
24 appearing on behalf of Florida Power and Light. I  
25 was just here to answer questions.

1                   **CHAIRMAN ARGENZIANO:** Any questions?

2                   Okay, I guess it's that time. Do I have a  
3 motion?

4                   **COMMISSIONER SKOP:** Thank you, Madam  
5 Chair.

6                   Based on the discussion, I would move  
7 staff's recommendation on Issues 1 and 2.

8                   **COMMISSIONER EDGAR:** Second.

9                   **CHAIRMAN ARGENZIANO:** All those in favor  
10 aye.

11                   (Vote taken.)

12                   **CHAIRMAN ARGENZIANO:** Opposed? It's  
13 adopted. Thank you very much.

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STATE OF FLORIDA )  
 : CERTIFICATE OF REPORTER  
COUNTY OF LEON )

I, JANE FAUROT, RPR, Chief, Hearing Reporter Services Section, FPSC Division of Commission Clerk, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 16th day of July, 2010.

  
\_\_\_\_\_  
JANE FAUROT, RPR  
Official FPSC Hearings Reporter  
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