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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition to Determine Need for)
Polk 2-5 Combined Cycle Conversion,) DOCKET NO. 120234-01-0001
By Tampa Electric Company)
_____) FILED: NOVEMBER 14, 2012

PREHEARING STATEMENT OF DeSOTO COUNTY GENERATING COMPANY, LLC

DeSoto County Generating Company, LLC ("DeSoto" or "DeSoto
Generating Company"), pursuant to the Order Establishing
Procedure, Order No. PSC-12-0494-PCO-EI, issued on September 26,
2012, hereby files its Prehearing Statement in this docket.

APPEARANCES:

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On behalf of DeSoto County Generating Company, LLC.

1. WITNESSES:

DeSoto Generating Company does not intend to call any
witnesses for direct examination, but reserves its rights to
cross-examine all witnesses and to rely upon the prefiled
testimony of witnesses in this docket, as well as testimony on

their cross-examination.

2. EXHIBITS:

DeSoto Generating Company does not intend to introduce any

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exhibits on direct examination, but reserves its rights to introduce exhibits through cross-examination of other parties' witnesses.

3. STATEMENT OF BASIC POSITION

Pursuant to Section 403.519, Florida Statutes, the Commission must determine whether Tampa Electric Company's ("Tampa Electric") choice of its proposed Polk 2-5 Combined Cycle Conversion Project ("Polk Project" or "Polk Conversion Project") is the best option available for meeting the future needs of Tampa Electric and its customers for electric capacity and energy. DeSoto Generating Company, a qualified and short-listed bidder in Tampa Electric's 2017 Power Generation Request for Proposals for the Polk Conversion Project (the "RFP Process"), offered to sell to Tampa Electric the DeSoto Generating Facility, a 310-megawatt, two-unit, dual-fueled combustion turbine generating station that has operated, and continues to operate, in west central Florida since 2002 ("DeSoto Facility"), making sales to a number of Florida utilities during that period. DeSoto offered to sell the DeSoto Facility to Tampa Electric, as set forth in detail in DeSoto's Petition to Intervene filed contemporaneously herewith, at a cost that is significantly less than the reported capacity cost for the Polk Project, on a dollars per kW basis, and significantly less than Tampa Electric's projected cost for a

new combustion turbine unit that is planned for 2019. Based on this information, the Commission should thoroughly investigate whether Tampa Electric's decision to reject the DeSoto Facility purchase and proceed with its proposed self-build Polk Conversion Project is, in fact, in the best interests of Tampa Electric's customers.

4. STATEMENT OF FACTUAL ISSUES AND POSITIONS

Issue 1: Is the proposed Polk Conversion Project needed, taking into account the need for electric system reliability and integrity, as this criterion is used in Section 403.519, Florida Statutes?

DeSoto: DeSoto does not dispute whether Tampa Electric needs additional generating capacity in the 2013-2017 time frame, but believes that the DeSoto Facility, when added into Tampa Electric's generating fleet, would satisfy Tampa Electric's reliability need for additional generating capacity and energy.

Issue 2: Is the proposed Polk Conversion Project needed, taking into account the need for adequate electricity at a reasonable cost, as this criterion is used in Section 403.519, Florida Statutes?

DeSoto: DeSoto does not dispute whether Tampa Electric needs additional generating capacity in the 2013-2017 time frame, but believes that the DeSoto Facility, when added into Tampa Electric's generating fleet, would satisfy Tampa Electric's need for adequate electricity at a reasonable cost.

Issue 3: Is the proposed Polk Conversion Project needed, taking into account the need for fuel diversity and supply reliability, as this criterion is used in Section 403.519, Florida Statutes?

DeSoto: DeSoto does not dispute whether Tampa Electric needs additional generating capacity in the 2013-2017 time frame, but believes that the dual-fuel capable DeSoto Facility, when added into Tampa Electric's generating

fleet, would satisfy Tampa Electric's need for fuel diversity and supply reliability.

Issue 4: Are there any conservation measures taken by or reasonably available to Tampa Electric Company that might mitigate the need for the proposed Polk Conversion Project?

DeSoto: Noting that this is a standard, statutory issue in power plant need determinations, DeSoto does not dispute whether Tampa Electric needs additional generating capacity in the 2013-2017 time frame, even taking account of conservation measures that are reasonably available to Tampa Electric.

Issue 5: Is Tampa Electric's proposal to bring the Polk Conversion Project into commercial service in 2017 the most cost-effective alternative available to meet the needs of Tampa Electric and its customers?

DeSoto: DeSoto believes that it would be more cost-effective for Tampa Electric to purchase the DeSoto Facility and incorporate the DeSoto Facility into its generating fleet in the 2014-2017 time frame than to add the Polk Conversion Project. Pursuing this addition would provide Tampa Electric, and its customers, with additional flexibility - and at a very favorable cost - for adding new capacity, potentially including the Polk Conversion Project, at a future date when additional information regarding fuel costs and other variables are better known.

Issue 6: Did Tampa Electric accurately and appropriately evaluate all reasonable alternative scenarios, including purchasing the DeSoto Facility and deferring the Polk Conversion Project until a later date, for cost-effectively meeting the needs of its customers over the relevant planning horizon?

DeSoto: On information and belief, and particularly considering the very favorable price at which DeSoto Generating Company offered to sell to Tampa Electric a proven, dual-fueled CT generating facility that has operated reliably in Florida for more than ten years, DeSoto questions whether Tampa Electric accurately evaluated all reasonable scenarios designed to cost-effectively meet the needs of its customers over the

relevant planning horizon.

Issue 7: Did Tampa Electric administer a transparent, robust, and constructive RFP evaluation process that was designed to evaluate a range of scenarios and sensitivities to procure the most cost-effective alternative generating supply addition for cost-effectively meeting the needs of its customers?

DeSoto: On information and belief, and particularly considering the very favorable price at which DeSoto Generating Company offered to sell to Tampa Electric a proven, dual-fueled CT generating facility that has operated reliably in Florida for more than ten years, DeSoto questions whether Tampa Electric accurately evaluated all reasonable scenarios designed to cost-effectively meet the needs of its customers over the relevant planning horizon. Although DeSoto indicated a willingness to negotiate terms and conditions of its offer, Tampa Electric did not engage in such negotiations or discussions.

Issue 8: Is adding the Polk Conversion Project in 2017 in the best interests of Tampa Electric's customers or is it better for Tampa Electric to purchase low-cost capacity now and maintain flexibility to convert the Polk Project at a later date, particularly in light of the relatively low cost at which Tampa Electric could purchase the DeSoto Facility and in light of Tampa Electric's plan to construct additional CT capacity in 2018?

DeSoto: On information and belief, and particularly considering the very favorable price at which DeSoto Generating Company offered to sell to Tampa Electric a proven, dual-fueled CT generating facility that has operated reliably in Florida for more than ten years, DeSoto believes that adding the DeSoto Facility to Tampa Electric's system at a mutually agreeable date (which was contemplated by DeSoto's best and final offer to Tampa Electric in the RFP Process) would better serve the interests of Tampa Electric and its customers than adding the Polk Conversion Project in 2017.

Issue 9: Based on the resolution of the foregoing issues, should the Commission grant the requested

determination of need for the proposed Polk Conversion Project?

DeSoto: On information and belief, and particularly considering the very favorable price at which DeSoto Generating Company offered to sell to Tampa Electric a proven, dual-fueled CT generating facility that has operated reliably in Florida for more than ten years, DeSoto believes that it is likely that adding the DeSoto Facility to Tampa Electric's system at a mutually agreeable date (which was contemplated by DeSoto's best and final Offer to Tampa Electric in the RFP Process) would better serve the interests of Tampa Electric and its customers than adding the Polk Conversion Project in 2017. Accordingly, the Commission should not grant the requested determination of need for the Polk Conversion Project at this time.

5. STIPULATED ISSUES:

DeSoto Generating Company is not aware of any stipulated issues at this time.

6. PENDING MOTIONS:

DeSoto Generating Company's Petition to Intervene in this docket was filed on November 14, 2012, but has not yet been acted on by the Prehearing Officer. While DeSoto's Petition is technically not a motion, DeSoto calls it to the attention of the Prehearing Officer and the parties to ensure clarity.

7. PENDING REQUESTS OR CLAIMS FOR CONFIDENTIALITY:

DeSoto Generating Company has submitted a notice of intent to request confidential protection of certain information relative to its best and final offer to Tampa Electric, which information is contained in DeSoto's Petition to Intervene.

Pursuant to Commission Rules, DeSoto will timely file a formal request for confidential classification, which request will require Commission action.


8. OBJECTIONS TO QUALIFICATION OF WITNESSES AS AN EXPERT:

As of the time of filing its prehearing statement, DeSoto Generating Company does not expect to challenge the qualification of any witness. However, DeSoto believes that each party that intends to rely upon a witness's testimony as expert testimony should be required to identify the field or fields of expertise of such witness and to provide the basis for the witness's claimed expertise.

9. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE:

There are no requirements of the Order Establishing Procedure with which DeSoto Generating Company cannot comply.

Respectfully submitted this 14th day of November 2012.



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CERTIFICATE OF SERVICE

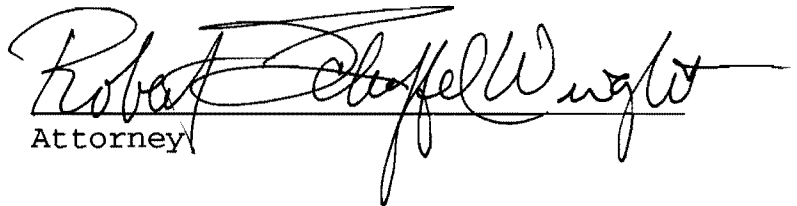
I HEREBY CERTIFY that a true and correct copy of the foregoing was furnished to the following by electronic mail on this 14th day of November 2012.

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