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Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

VIA FEDERAL EXPRESS

Re: Joint Petition for Determination of Need for an Electrical Power Plant
in Volusia County by the Utilities Commission, City of New Beach,
Florida and Duke Energy New Smyrna Beach Power Company Ltd., L.L.P.;
DOCKET NO. 981042-EM

Dear Ms. Bayo:

Enclosed for filing in the above docket on behalf of Florida Power Corporation are the original and fifteen (15) copies of Florida Power Corporation's Notice of Filing Request for Official Notice. We request you acknowledge receipt and filing of the above by stamping the additional copy of this letter enclosed.

If you or your Staff have any questions regarding this filing, please contact me at (813) 821-7000.

Very truly yours,

Gary L. Sasso
Gary L. Sasso *jo*

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Enclosures
cc: Counsel of Record
GLS:jlc

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CARLTON, FIELDS, WARD, EMMANUEL, SMITH & CUTLER, P.A.

TAMPA ORLANDO PENSACOLA TALLAHASSEE WEST PALM BEACH ST. PETERSBURG RECORDS & REPORTING

CONFIDENTIAL

BEFORE THE PUBLIC SERVICE COMMISSION

In Re: Joint Petition for)
Determination of Need for an)
Electrical Power Plant in Volusia)
County by the Utilities Commission,)
City of New Smyrna Beach, Florida)
And Duke Energy New Smyrna Beach)
Power Company Ltd., L.L.P.)
_____)

DOCKET NO. 981042-EM

December 14, 1998

NOTICE OF FILING REQUEST FOR OFFICIAL NOTICE

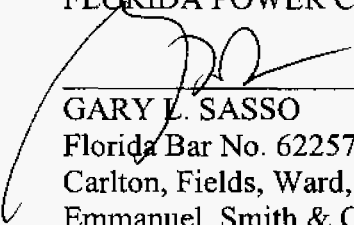
Florida Power Corporation requests that the Commission take judicial notice of the following item in opposition to the Joint Petition for Determination of Need in the above-referenced docket.

1. Petition to Determine Need for Electrical Power Plant, filed in In re: Petition of City of Tallahassee to Determine Need for Proposed Electrical Power Plant in St. Marks, Wakulla County, Florida, Docket No. 96-1512 (December 20, 1996).

Respectfully submitted,

FLORIDA POWER CORPORATION

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DOCUMENT IN FILE - DATE

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FLORIDA POWER CORPORATION

CERTIFICATE OF SERVICE

19m I HEREBY CERTIFY that a true copy of the foregoing has been furnished by U.S. Mail this day of December 1998, to counsel of record as follows:

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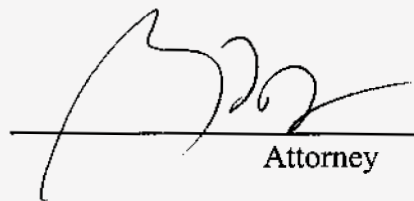
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Counsel for US Generating Company's



Attorney

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition of City of Tallahassee to Determine Need for Proposed Electrical Power Plant in St. Marks, Wakulla County, Florida

Docket No. 981512 Filed: December 20, 1996

PETITION TO DETERMINE NEED FOR ELECTRICAL POWER PLANT

CITY OF TALLAHASSEE ("City"), by and through its undersigned attorneys, heraby petitions the Florida Public Service Commission ("Commission") pursuant to Section 403.519, Florida Statutes, and Rule 25-22.081, Florida Administrative Code, to determine the need for the proposed electrical power plant described herein, and to file its order making that determination with the Department of Environmental Protection ("DEP") pursuant to Section 403.507(2)(a)2., F.S. In support thereof, City states:

1. City's full name and business address is:

City of Tallahassee
City Hall
Tallahassee, Florida 32301

2. The name and address of City's representatives to receive communications regarding this docket are:

Richard D. Melson
Jonathan T. Johnson
Hopping Green Sams & Smith, P.A.
P.O. Box 6526
Tallahassee, Florida 32314

with copies to:

Patrick E. Hurley
Assistant City Attorney

City Hall
Tallahassee, Florida 32301

Gary Brinkworth
City of Tallahassee Electric Department
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Rutledge Egan Underwood Funnell & Hoffman, P.A.
215 South Monroe Street
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3. City is a municipal corporation which provides retail electric service to approximately 88,000 customers located within the municipal limits of the City of Tallahassee and portions of the surrounding area.

4. City meets its power supply needs through a combination of City-owned generation and wholesale power purchases from the Southern Company and Entergy, Inc. City's power purchase contract for 75 MW from Southern Company terminates on May 31, 2000. When coupled with load growth between now and the year 2000, the City requires an additional 88 MW of generation by May, 2000 in order to continue to meet its power supply obligations at an acceptable level of reliability. This amount continues to increase with future load growth and with the expiration on March 31, 2002 of the City's power purchase contract for 25 MW from Entergy.

5. City employed a competitive request for proposal (RFP) process, in combination with an evaluation of City-owned generation options, to choose the most cost-effective alternative to meet that need. That process identified a 250 MW combined cycle generating facility, to be constructed for City under an engineering, procurement and construction (EPC) contract with Raytheon, Inc. as the most cost-effective alternative. The new unit will be constructed at the existing Purdom generating plant site located in St. Marks, Wakulla County, Florida. The new unit, to be known as Purdom Unit 8, consists of an "F" frame advanced combustion turbine/generator and a heat recovery steam generator that will drive a steam turbine generator.

6. The construction and operation of Purdom Unit 8 will replace power currently obtained under the City's contract with Southern Company; will allow the City to retire two smaller, less efficient units at the Purdom site; and will displace generation from other less efficient units in the City's existing generating portfolio. Because Purdom Unit 8 is a highly efficient combined cycle generator, the average energy cost for the City's electric system is projected to decrease by approximately 11% in the unit's first full year of commercial operation.

7. The Purdom Unit 8 project is the most cost-effective option to meet the City's generating needs. Under base case planning assumptions, compared to the lowest-cost project submitted to the City in response to its RFP, the Purdom Unit 8 project saves approximately \$91 million (1996\$) in cumulative

present worth of revenue requirements (PWRR) over the 20-year period 1995-2014.

8. Pursuant to the Florida Electrical Power Plant Siting Act, Section 403.519, F.S., and Rules 25-22.080 to 25-22.081, F.A.C., the Commission has jurisdiction to determine the need for the proposed electrical power plant, applying the standards set forth in Section 403.519, F.S.

9. As authorized by Rule 25-22.080(1), F.A.C., City has elected to commence this proceeding for a determination of need prior to the filing with DEP of a Site Certification Application (SCA) for the proposed electrical power plant.

10. The information supporting this petition is contained in City's Need Determination Study (the "Need Study") which is attached as an exhibit to this petition and incorporated herein by reference. The Need Study contains City's analysis of the need for the proposed electrical power plant and includes the information required by Rule 25-22.081, F.A.C.

11. The accompanying information demonstrates the need for the proposed electrical power plant in the proposed time frame as the most cost-effective alternative available, taking into account the need for electric system reliability and integrity, the need for adequate electricity at a reasonable cost, and other relevant matters.

(a) By providing sufficient resources for City to meet its reliability requirements upon termination of the contract with Southern Company, the proposed plant will contribute to the

reliability of the City's system. By locating additional generation resources within the City's service territory, the availability of transmission capacity to support the City's system during an unplanned outage of one of the City's units is enhanced. The unit's location at the Purdom Generating Station also allows the unit to provide voltage support for the southeast area of the City's system at low cost.

(b) The proposed unit will ensure that City has an adequate supply of power to serve its customers' needs at a reasonable cost. Due to the retirement of older units and the displacement of generation from other less efficient units, the total cost of generation after the installation of Purdom Unit 8 will be lower than current costs.

(c) The proposed unit is the most cost-effective alternative available for meeting this increment of capacity, saving approximately \$91 million PWR (1996\$) over a 20-year period compared to the least cost alternative identified through the City's competitive RFP process.

(d) The City has implemented demand-side management programs which are cost-effective based on the results of its integrated resource planning process. Even with the demand and energy reductions from those programs, Purdom Unit 8 is required to enable City to reliably meet its customers' power supply needs.

12. As set forth in more detail in the Need Study, the Purdom Unit 8 project has a number of advantageous features, including the following:

(a) The facility will be located at the existing Purdom site which is presently connected to the City's load center by 115 kV transmission lines into which the new unit will connect. No additional off-site transmission will be required to integrate the unit into the electric grid, although some existing transmission lines will need to be reconducted to handle increased power flows.

(b) The EPC contractual arrangement will minimize the project-related risks to City by placing the burden on the contractor to ensure a timely commercial operation date and to guarantee output and heat rate levels.

(c) The project will minimize environmental impacts by utilizing clean burning natural gas as the primary fuel, utilizing low sulfur diesel for back-up fuel, utilizing the latest dry low NOx combustor technology to achieve a NOx emission rate lower than that of other recently licensed projects, and utilizing a zero water discharge design which also eliminates groundwater withdrawals for the entire Purdom facility and reuses treated effluent from St. Marks sewage treatment facility (which is currently discharged to the St. Marks River).

13. City has coordinated with the Commission staff to arrange a schedule which calls for the need determination hearing to commence on April 3, 1997, and for a final Commission vote on

May 20, 1997. City hereby agrees to waive the procedural time limits in Rule 25-22.080(2), F.A.C., to the extent necessary to accommodate this schedule.

WHEREFORE, City respectfully requests that:

- (1) pursuant to Rule 25-22.080(2), F.A.C., and City's agreement to a limited waiver of the 90 day timetable, the Commission within seven days set a date no later than April 3, 1997 for a hearing on this petition;
- (2) the Commission give notice of the commencement of the proceeding as required by Rule 25-22.080(2), F.A.C.; and
- (3) the Commission determine that there is a need for the proposed electrical power plant described in this petition, and file its order making such determination with the DEP pursuant to Section 403.507(2)(a)2., F.S.

RESPECTFULLY SUBMITTED this 20th day of December, 1996.

HOPPING GREEN SAMS & SMITH, P.A.

By:

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