

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Determination  
of Need of Hines Unit 3 Power Plant.

Docket No.: 020953-EI

Submitted for Filing: October 7, 2002

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**FLORIDA POWER'S OBJECTIONS  
TO STAFF'S SECOND SET OF INTERROGATORIES**

Pursuant to § 350.0611(1), Fla. Stat. (2000), Fla. Admin. Code R. 28-106.206, and Fla. R. Civ. P. 1.340, Florida Power Corporation ("FPC") objects to the Staff of the Florida Public Service Commission's Second Set of Interrogatories (Nos. 34-69) and states as follows:

**GENERAL OBJECTIONS**

FPC objects to any interrogatory that calls for information protected by the attorney-client privilege, the work product doctrine, the accountant-client privilege, the trade secret privilege, or any other applicable privilege or protection afforded by law, whether such privilege or protection appears at the time the response is first made to these interrogatories or is later determined to be applicable based on the discovery of documents, investigation or analysis. FPC in no way intends to waive any such privilege or protection.

In certain circumstances, FPC may determine upon investigation and analysis that information responsive to certain interrogatories to which objections are not otherwise asserted are confidential and proprietary and should be produced only under an appropriate confidentiality agreement and protective order, if at all. By agreeing to provide such information in response to such interrogatory, FPC is not waiving its right to insist upon appropriate protection of confidentiality by means of a confidentiality agreement and protective order. FPC hereby asserts its right to require such protection of any and all documents that may qualify for

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protection under the Florida Rules of Civil Procedure and other applicable statutes, rules and legal principles.

FPC objects to these interrogatories and any definitions and instructions that purport to expand FPC's obligations under applicable law.

FPC also objects to these interrogatories to the extent they purport to require FPC to prepare information in a particular format or perform calculations not previously prepared or performed as an attempt to expand FPC's obligations under applicable law. Further, FPC objects to these interrogatories to the extent they purport to require FPC to conduct an analysis or create information not prepared by FPC in the normal course of business. FPC will comply with its obligations under the applicable rules of procedure.

FPC incorporates by reference all of the foregoing general objections into each of its specific objections set forth below as though pleaded therein.

In addition, FPC reserves its right to count interrogatories and their sub-parts (as permitted under the applicable rules of procedure) in determining whether it is obligated to respond to additional interrogatories served by any party.

## **INTERROGATORIES**

- 34. According to FPC's testimony, FPC issued the RFP for Hines Unit 3 on November 26, 2001, on its Website. FPC then filed the RFP with the Commission on December 20, 2001. What was the reason for the delay in filing the RFP package with the Commission?**

35. Once a Greenfield Proposal has been submitted, what information should be supplied to show that the Bidder has site control and has a sufficient transmission plan?
36. Did FPC assume a capacity factor between 50 and 60 percent for the Greenfield proposals submitted by the bidders? If so, would this increase the total cost of the proposal?
37. What was the capacity factor submitted by each Bidder?
38. By what amount did FPC lower its cost estimate for Hines Unit 3 after the short list was selected on April 29, 2002?
39. Was the EPC contractor that reduced its cost estimate for Hines Unit 3 one of the contractors used for Hines unit 2? If so, then please compare the costs that the contractor submitted for Hines 2 with the costs that were submitted for Hines 3.
40. Which generating units has FPC projected to operate at a higher capacity factor than Hines Unit 3 in 2005?

41. Please provide the numerical value for the cost for each type of generation at zero capacity factor shown on Exhibit (JBC-4).
42. Please provide an analysis that shows that FPC customers would be subjected to higher fuel costs without Hines Unit 3. How much higher would the total annual fuel costs be without Hines 3?
43. How did FPC calculate the \$25 million increase due to a one-year delay in constructing Hines Unit 3?
44. Could any of the Hines Units be converted to coal gasification based on environmental requirements?
45. Will the addition of Hines Unit 3 preclude entirely the use of coal gasification?
46. According to Mr. Hunter's testimony, Hines Unit 3 requires only a supplemental application and review from the Department of Environmental Protection for site certification. This will cost less than a full review. What are the cost savings attributable to the scaled down review?

47. What is the cost of the infrastructure that is already in place at the Hines Energy Complex (HEC) that will benefit Hines Unit 3?
48. What common environmental equipment now in place or to be added at HEC will benefit Hines Unit 3 and any of the other two Units?
49. Mr. Murphy's testimony states that the ability of Hines Unit 3 to share facilities with Hines Unit 1 and Hines Unit 2 will capture cost saving associated with economies of scale. Provide detail analyses of the cost saving associated with economies of scale. Show how these cost savings were applied to determine the cost for the Hines Unit 3.
50. What steps will FPC take in order to eliminate the types of cost overruns that FPC has experienced in the construction of Hines Unit 2?
51. On page 4 of Mr. Murphy's testimony, he stated that Hines Unit 3, a combined cycle plant, can function as a baseload or intermediate unit. Is there any reason why this unit can not perform as a peaker?
52. Mr. Murphy stated that FPC will follow either competitive selection or a design-build turn-key method in constructing Hines Unit 3. Please provide the

analyses that FPC performed to determine which method was the most cost effective for the construction of Hines unit 3.

53. Which construction method will provide the minimum cost risk to FPC ratepayers?
54. What method was use to construct Hines Unit 2?
55. At the time that FPC purchased combustion turbine equipment for Hines 1 and 2, it was able to negotiate beneficial pricing for the combustion turbine equipment to be used at Hines 3. If FPC had to negotiate the same deal for the Hine 3 turbines on todays market, what would FPC have to pay?
56. FPC estimated the incremental annual fixed O&M cost of Hines Unit 3 to be \$1.45/kW-Yr in 2005, and the estimated variable O&M cost to be to be \$2.13/Mwh in 2005. Please compare of these costs for Hines 3 with the same costs for Hines Units 1 and 2.
57. Will Hines Unit 3 be the most economical unit when it comes on line in 2005? If not, what will be the lowest cost power plant on FPC's system in 2005?

Florida Power communicated a request for clarification of this interrogatory to Staff Counsel on October 3, 2002.

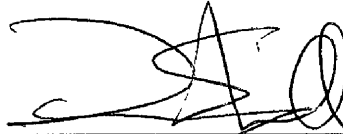
58. Mr. Murphy stated that, fully loaded, Hines Unit 3's heat rate will be approximately 6900 Btu/kWh. Please provide the heat rate that you expect Hines Unit 3 to obtain at a capacity factor between 50 and 60%.
59. What facilities will Hines Unit 3 share with Units 1 and 2 that if removed would cause two or more of the Hines Units to be removed from service?
60. According to Ms. Murphy's testimony, Hines Unit 3 will share certain natural gas line facilities with units 1 and 2 on the Hines Energy Complex (HEC). What gas lines will these units share on the HEC?
61. Once the gas lines enter the HEC, explain how these gas lines are routed to Hines Unit 3.
62. Will the distillate fuel oil lines or facilities that will be used to supply Hines Unit 3 be routed through the Hines 1 or 2 power units? Please explain.
63. According to Mr. White's testimony, the Hines-West Lake Wales 230kV line has been pushed out because of the construction of the Vandolah-Whidden 230kV line. The latter is associated with certain independent power producers' (IPP's) transmission service contracts. Who do these IPPs have contracts with?

64. Who are these IPPs?
65. Have these IPPs posted security bonds?
66. What will happen if this line (Vandolah-Whidden 230kV) is later found to be not needed?
67. What was the estimated cost of constructing the Hines-West Lake Wales 230kV line?
68. The transmission system simulations show that with or without Hines Unit 3 dispatched, several 230kV breakers are overdutied. Was the replacement of these breakers part of Hines Unit 2 addition? What was the cost included in Hines Unit 2 need for these breakers?
69. What year was Hine Unit 3 included in this transmission study?



As to objections.

Respectfully submitted this 7<sup>th</sup> day of October 2002.



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**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY THAT a true and correct copy of the foregoing has been served by U.S. Mail to the interested parties of record as listed below on this 7 day of October, 2002.

  
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