

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for determination of need for Lake Agnes-Gifford 230 kV transmission line in Polk and Orange Counties, by Progress Energy Florida, Inc., and Tampa Electric Company.

DOCKET NO. 070393-EI
ORDER NO. PSC-07-0784-FOF-EI
ISSUED: September 26, 2007

The following Commissioners participated in the disposition of this matter:

MATTHEW M. CARTER II
KATRINA J. McMURRIAN
NANCY ARGENZIANO

FINAL ORDER DETERMINING THE NEED
FOR AN ELECTRICAL TRANSMISSION LINE

APPEARANCES:

LEE L. WILLIS, ESQUIRE, and JAMES D. BEASLEY, ESQUIRE, Ausley & McMullen, Post Office Box 391, Tallahassee, Florida 32302
On behalf of Tampa Electric Company (TECO).

KENNETH HOFFMAN, ESQUIRE, Rutledge Law Firm, Post Office Box 551, Tallahassee, Florida 32302
On behalf of Progress Energy Florida (PEF).

R. ALEXANDER GLENN, ESQUIRE, and JOHN BURNETT, ESQUIRE, Progress Energy Florida, Inc., Post Office Box 14042, Saint Petersburg, Florida 33733
On behalf of Progress Energy Florida (PEF).

KEINO YOUNG, ESQUIRE and MARTHA C. BROWN, ESQUIRE, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850
On behalf of the Florida Public Service Commission (Staff).

BY THE COMMISSION:

CASE BACKGROUND

On August 1, 2007, Progress Energy Florida (Progress) and Tampa Electric Company (Tampa Electric) filed a Petition for a Determination of Need for a proposed Lake Agnes-Gifford 230kV transmission line in Polk and Orange Counties, pursuant to Section 403.537, Florida

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FPSC-COMMISSION CLERK

Statutes (F.S.), and Rule 25-22.080, Florida Administrative Code (F.A.C.). We held an administrative hearing on Progress and Tampa Electric's petition on September 12, 2007. Notice of the filing of Progress and Tampa Electric's petition and of the September 12, 2007, public hearing was provided in accordance with applicable statutes and rules to those persons requesting notice and to counties and regional planning councils in whose jurisdiction the transmission line could be placed.

No other parties intervened in the proceeding. At the hearing, the testimony and exhibits were stipulated into the hearing record and stipulated positions were proposed to all the issues in the case. We issued a bench decision at the hearing approving the proposed stipulations and thereby determining the need for the transmission line. Our decision, explained in more detail below, determined the need and the beginning and end points for the transmission line. The Transmission Line Siting Board will make the final determination concerning the length and route of the line.

DECISION

As provided in section 403.537, F.S., we are required to take the following into account in determining the need for a proposed transmission line subject to our review under Florida's Transmission Line Siting Act (sections 403.52-403.5365, F.S.):

[T]he need for electric system reliability and integrity; the need for abundant, low-cost electrical energy to assure the economic well-being of the citizens of this state; the appropriate starting and ending point of the line; and other matters within [our] jurisdiction deemed relevant to the determination of need.

Need for Electric System Reliability and Integrity

Progress and Tampa Electric's proposed new 32.4 miles 230 kV transmission line, extending from Tampa Electric's existing Lake Agnes Substation in Polk County to Progress' planned Gifford Substation in Orange County, is scheduled to be in service by June 2011. The project meets area load requirements by serving proposed future distribution substations along the Interstate 4 (I-4) corridor from existing and planned generation in the Polk/Hardee County area to the greater Orlando area load center while maximizing system reliability and minimizing cost to customers.

Transmission assessment studies, the Florida Central Coordinated Study (FCCS) and the FCCS Re-Study, issued in 2006, identified regional transmission system limitations in the I-4 corridor between Polk County and the greater Orlando area. These studies show that the transmission limitations on the existing 230kV transmission network between the Polk County area and the Greater Orlando area are due to projected load growth in the 2008-2011 timeframe. Progress and Tampa Electric's study of transmission improvements for the area evaluated various alternatives and resulted in the selection of the Lake Agnes to Gifford Project as the most cost-effective and efficient means to both increase the capability of the existing 230 kV network and serve the increasing load and customer base in the Central Florida region.

Progress and Tampa Electric have demonstrated the need for the Lake Agnes-Gifford 230 kV Transmission Line Project in Polk and Orange Counties by June 2011 to: (a) provide additional transmission transfer capability along the I-4 corridor to move electricity generated in the Polk County region to load centers in the Greater Orlando area in a reliable manner consistent with the North American Electric Reliability Council (NERC) and the Florida Reliability Coordinating Council (FRCC) and other applicable standards; (b) serve the increasing load and customer base in the projected service area; and (c) potentially provide for another electrical feed via a separate Right of Way (ROW) path, thereby reducing the impact of a loss of the existing transmission facilities on a common ROW.

For these reasons, we find that Progress and Tampa Electric's proposed Lake Agnes-Gifford Project is needed to preserve electric system reliability and integrity.

Need for Abundant, Low-Cost Electrical Energy to Assure the Economic Well-Being of the Citizens of this State

Progress and Tampa Electric evaluated four alternatives to the proposed Lake Agnes-Gifford Project. All four alternatives were transmission modifications to the proposed ROW that used a portion of or the entire existing common ROW. Progress and Tampa Electric rejected the alternatives primarily due to economics and reliability concerns. The estimated capital cost of the Lake Agnes-Gifford Project is \$67.5 million, excluding right-of-way. Progress and Tampa Electric will reduce transmission losses by approximately 18.5 MW for the FRCC region, which includes a 10.8 MW reduction for Progress and a 1.9 MW increase for Tampa Electric. The cost benefits and the reliability benefits of the project will be enhanced by the construction of the project in a geographically separate ROW. While the final cost of the project is subject to the final routing and conditions of certification required by the Transmission Line Siting Board, we find that the estimated cost of the project is reasonable, and we find that the transmission line will assure the economic well-being of the citizens of the state by serving projected new electric load in the region, and improving the region's electric reliability by minimizing exposure to single contingency events.

Appropriate Starting and Ending Points

We find that the existing Lake Agnes Substation and the planned Gifford Substation, as described and analyzed in the exhibit of the joint prefiled testimony of Progress' witness Brantley Tillis and Tampa Electric's witness Thomas J. Szelistowski, are the appropriate starting and ending points of the proposed Lake Agnes-Gifford 230 kV electrical transmission line. As stated above, the Transmission Line Siting Board will make the final determination concerning the length and route of the transmission line.

Conclusion

We approve Progress and Tampa Electric's Petition for determination of need for the Lake Agnes-Gifford 230 kV transmission line in Polk and Orange Counties. Progress and

Tampa Electric have adequately demonstrated the need for the proposed project according to the criteria prescribed in section 403.537, F.S. This Order memorializing our decision will serve as our report to the Department of Environmental Protection.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Progress Energy Florida, Inc., and Tampa Electric Company's Petition for determination of need for the Lake Agnes-Gifford 230 kV transmission line in Polk and Orange Counties is granted. It is further

ORDERED that Progress Energy Florida, Inc., and Tampa Electric Company's Lake Agnes-Gifford 230 kV transmission line project is needed, taking into account the criteria set forth in section 403.537, Florida Statutes. It is further

ORDERED that this docket shall be closed.

By ORDER of the Florida Public Service Commission this 26th day of September, 2007.



ANN COLE
Commission Clerk

(S E A L)

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request:

- 1) reconsideration of the decision by filing a motion for reconsideration with the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within five (5) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or
- 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Office of Commission Clerk, and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.