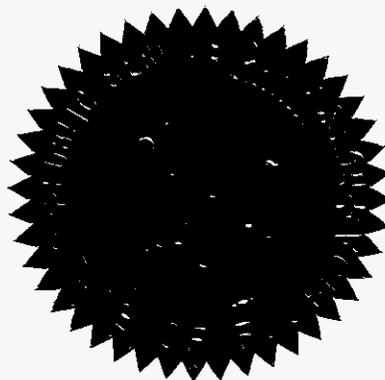


BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 090371-EQ

PETITION FOR APPROVAL OF  
AMENDED NEGOTIATED PURCHASE  
POWER CONTRACT WITH VISION/  
FL, LLC BY PROGRESS ENERGY  
FLORIDA.



PROCEEDINGS:                   AGENDA CONFERENCE  
ITEM NO. 9

COMMISSIONERS  
PARTICIPATING:               CHAIRMAN MATTHEW M. CARTER, II  
COMMISSIONER LISA POLAK EDGAR  
COMMISSIONER NANCY ARGENZIANO  
COMMISSIONER NATHAN A. SKOP  
COMMISSIONER DAVID E. KLEMENT

DATE:                            Tuesday, December 1, 2009

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

REPORTED BY:                 LINDA BOLES, RPR, CRR  
Official FPSC Reporter  
(850) 413-6734

DOCUMENT NUMBER-DATE

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

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3           **CHAIRMAN CARTER:** Commissioners, we've just  
4 got one more to go and that will be Item 9, and then you  
5 guys can have lunch, although it's way beyond the lunch  
6 hour.

7           Okay. Shevie Brown, good morning. Or is it  
8 afternoon?

9           **MR. BROWN:** Good afternoon.

10          **CHAIRMAN CARTER:** You're recognized, sir.

11          **MR. BROWN:** Thank you, Commissioner.

12                 Item 9 is Progress Energy Florida's petition  
13 for approval of amendments to an existing negotiated  
14 purchased power contract with Vision/FL. The conditions  
15 of the original contract provide Progress to purchase  
16 40 megawatts of biomass from Vision for a 25-year term  
17 beginning January 1st, 2010, through December 31st,  
18 2034. Financing difficulties resulted in Vision's  
19 request to Progress for an amended contract.

20                 The amendments to the contract are the  
21 following: A change in the contract to commence from  
22 January 2011, January 1st, 2011, through December 31st,  
23 2035, a change in the pricing of the contract from  
24 fluctuating, fluctuating energy payments to fixed energy  
25 payments, and minor amendments to accommodate the

1 necessary language changes throughout the contract.

2 We analyzed the contract with the proposed  
3 fixed payments and streamlines that were in the 2008 and  
4 2009 Standard Offer Contracts, and those revealed that  
5 Progress's customers could experience savings between  
6 28.6 and \$70.2 million, up to \$70.2 million. Excuse me.  
7 Again, we're recommending that the proposed modified  
8 contract be approved because of the savings to the  
9 customers and also the added fuel diversity. We're  
10 available for any questions.

11 **CHAIRMAN CARTER:** Thank you.

12 Commissioner Skop, you're recognized.

13 **COMMISSIONER SKOP:** Thank you, Mr. Chairman.

14 Good afternoon.

15 **MR. BROWN:** Good afternoon.

16 **COMMISSIONER SKOP:** And I'll try and make this  
17 quick. I just, you know, precursory, I have to, I have  
18 to do my homework and make sure I'm comfortable with  
19 things.

20 On this particular item, this is regular  
21 agenda even though it's for a contract modification? It  
22 wouldn't be a PAA?

23 **MR. BROWN:** Well, yeah, it is a PAA. Yes,  
24 sir.

25 **COMMISSIONER SKOP:** I'm sorry. I stand

1 corrected. Again, I need to get those glasses on. It's  
2 right in front of me. Okay. That solves that. So then  
3 the company could speak, should it need to.

4 **MR. BROWN:** Yes, sir.

5 **COMMISSIONER SKOP:** Okay. All right. Great.

6 With respect to the proposed modification, the  
7 first contract that we approved back in, by order in  
8 2008 was supposed to be a closed loop biomass system in  
9 Osceola County.

10 **MR. BALLINGER:** Correct.

11 **COMMISSIONER SKOP:** I did not see that in the  
12 petition to amend the negotiated contract. It talks  
13 about a steam boiler production using sweet sorghum as a  
14 primary fuel. So do we know -- I guess it had come up  
15 previously about where -- as this was originally  
16 envisioned it was going to be a Central Florida project  
17 growing closed loop, you know, a lot of commercial  
18 benefit to the state and that was what the Legislature  
19 was trying to incentivize at the time.

20 **MR. BALLINGER:** Right.

21 **COMMISSIONER SKOP:** Do we have any further  
22 detail as to whether -- you know, I think that the idea  
23 to grow may have fallen by the wayside, and I previously  
24 remember something about wanting to import fuel from,  
25 barge it across the Gulf or something like that.

1           **MR. BALLINGER:** That's a different project, I  
2 think.

3           **COMMISSIONER SKOP:** Okay.

4           **MR. BALLINGER:** I believe this is still the  
5 same project that's going to grow the sorghum onsite and  
6 have a closed loop system.

7           **COMMISSIONER SKOP:** Okay. Great. That's,  
8 that's a positive.

9           And then if staff could briefly point me to,  
10 in terms of the proposed net present value savings. Is  
11 that in a confidential document or is that -- because  
12 I've been looking at the contract as well as the  
13 confidential documents, but I was trying to get a better  
14 understanding on the spreadsheets.

15           **MR. BROWN:** Okay. They're in the, should be  
16 Attachment A in the back of the recommendation.

17           **COMMISSIONER SKOP:** Okay.

18           **MR. BROWN:** And, again, we just compared the  
19 2008 Standard Offer Contract which was used in the  
20 petition to the updated 2009 comparison of a CC to a CT.

21           **COMMISSIONER SKOP:** And so it is CT to CT?

22           **MR. BROWN:** I'm sorry. No. It's CC in the  
23 2008 and a CT is in the 2009 Standard Offer Contract as  
24 the avoided units.

25           **COMMISSIONER SKOP:** Okay. What -- and I

1 should have asked this before, and, again, I don't want  
2 to belabor the point, but what would have been the  
3 difference -- and, again, the reason for the change in  
4 the proxy from the combined cycle turbine to a CT was  
5 that the combined cycle plant was taken off the --

6 **MR. BROWN:** That is correct. Yes, it was.

7 **COMMISSIONER SKOP:** Okay. All right. So then  
8 the appropriate comparison now as we stand to approve it  
9 today would be the CT.

10 **MR. BROWN:** Would be the CT. Correct.

11 **COMMISSIONER SKOP:** All right. And so savings  
12 have actually increased as a result of the CT.

13 **MR. BROWN:** Yes, and in the amendments as well  
14 to the contract. You're correct.

15 **COMMISSIONER SKOP:** Okay. All right. And I  
16 guess that's it. I had a few other points, but I just  
17 needed to convince myself as to the change in dynamics.  
18 And so although we're still showing positive present  
19 value to the customers --

20 **MR. BROWN:** Correct.

21 **COMMISSIONER SKOP:** -- do we have any  
22 certainty -- and, again, I'm getting these projects  
23 confused, but this one had some initial problems, but is  
24 it still shown on their, within their, what is it, the  
25 Ten-Year Site Plan?

1           **MR. BROWN:** No, it wouldn't be shown in there  
2 until it's approved by the Commission. We asked that as  
3 a part of a discovery, and the response from the company  
4 was once this project is approved, then it would be  
5 shown in the Ten-Year Site Plan. So it should be in  
6 next year's.

7           **COMMISSIONER SKOP:** Okay. Okay. Great. And  
8 may I ask Mr. Burnett just one question on this?

9           **CHAIRMAN CARTER:** You may make an appearance  
10 there, Mr. Burnett.

11          **MR. BURNETT:** Yes, sir. Thank you. John  
12 Burnett on behalf of Progress Energy Florida. I also  
13 have David Gammon, who was responsible for negotiating  
14 the contract if we need any details.

15          **CHAIRMAN CARTER:** Commissioner Skop.

16          **COMMISSIONER SKOP:** Thank you. Good  
17 afternoon, Mr. Burnett. Just a quick question. With  
18 respect to the proposed project that changed the  
19 projected in-service date and slid that out to a year,  
20 is that, is that a firm date or is plant currently in  
21 construction or not under construction or where are we  
22 at with, in terms of moving forward with the plant?

23          **MR. BURNETT:** Sir, I do understand that that  
24 is a good date as we sit here. The delay was  
25 predominantly with financing. So their business plan as

1 presented is still on track with that revised date.

2 **COMMISSIONER SKOP:** Okay. So, and from the  
3 utility's perspective, from Progress's perspective this  
4 is still a viable project that would help increase  
5 renewables in the State of Florida?

6 **MR. BURNETT:** Yes, sir.

7 **COMMISSIONER SKOP:** Okay. Great. Thank you.  
8 And, Mr. Chair, with those questions being  
9 answered, I'd respectfully move to approve staff's  
10 recommendations for Issues 1 and 2.

11 **CHAIRMAN CARTER:** Commissioners?

12 **COMMISSIONER EDGAR:** Second.

13 **CHAIRMAN CARTER:** Moved and seconded. Any  
14 further debate? Any discussion? Hearing none, all in  
15 favor, let it be known by the sign of aye.

16 (Simultaneous vote.)

17 All those opposed, like sign. Show it done.

18 Commissioners, I did say that I wanted for the  
19 good of the order just to kind of take a moment here.  
20 We've had a historic moment this morning where we passed  
21 out awards and also we have elected our new Chairman.  
22 But we also are a family, the PSC family, and when  
23 something happens in the PSC family, we try to take care  
24 of one another.

25 So if you will permit me, I just want to

1 mention John Mann. He's a retired PSC employee from the  
2 Division of Competitive Markets. He unfortunately lost  
3 his battle with cancer and passed away on November 16th.  
4 He was a good friend and a mentor to many at the  
5 Commission. John started with the PSC in 1991. He held  
6 many positions throughout the years, the most recent  
7 being the Professional Accountant Specialist. For  
8 medical reasons he had to retire August 31st of this  
9 year, 2009. He moved to Valparaiso, Florida, with his  
10 wife Karen, who he calls his angel, who was by his side.  
11 And John's pride and joy was his son John Mann, V, who  
12 became an Eagle Scout here in Tallahassee and moved on,  
13 Commissioner Skop, to attend LSU as a, where he's a  
14 sophomore now.

15 Our deepest sympathy goes out to John and his  
16 family and his friends. And on behalf of my colleagues  
17 here at the Commission, we extend to his family our  
18 utmost sympathy and our compassion. And, Commissioners,  
19 if you would permit me to do so, I'd ask that we would  
20 take a moment of silence for John.

21 (Moment of silence observed.)

22 Thank you. We bid you God speed, John Mann.  
23 With that, Commissioners, we are adjourned.

24 (Agenda Conference adjourned.)

25

1 STATE OF FLORIDA )  
 2 : CERTIFICATE OF REPORTER  
 3 COUNTY OF LEON )

4 I, LINDA BOLES, RPR, CRR, Official Commission  
 5 Reporter, do hereby certify that the foregoing  
 6 proceeding was heard at the time and place herein  
 7 stated.

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

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

18 DATED THIS 15<sup>th</sup> day of December,  
 19 2009.

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 Linda Boles  
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