

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Petition for Determination That )  
The Osprey Plant Acquisition and, )  
Alternatively, the Suwannee Simple ) DOCKET NO. 150043-EI  
Cycle Project is the Most Cost )  
Effective Generation Alternative to ) FILED: MAY 6, 2015  
Meet the Remaining Need Prior to 2018 )  
For Duke Energy Florida, Inc. )  
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**OSPREY ENERGY CENTER, LLC'S PREHEARING STATEMENT**

Pursuant to the Order Establishing Procedure, Order No. PSC-15-0110-PCO-EI, issued February 20, 2015 (the "OEP"), Osprey Energy Center, L.L.C. ("Osprey LLC") submits its Prehearing Statement in this case.

**A. APPEARANCES**

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**B. WITNESSES AND EXHIBITS**

Osprey LLC does not intend to call any witnesses at the hearing in this proceeding. Osprey LLC supports the testimony and exhibits of Duke Energy Florida's ("DEF") witnesses that demonstrate that DEF's acquisition of the Osprey Energy Center

is the most cost-effective alternative available to meet the generation needs of DEF and its customers prior to 2018.

**C. OSPREY LLC'S STATEMENT OF BASIC POSITION**

Based on DEF's current and projected customer and peak demand growth, and on its recent and projected plant retirements and generation plant capacity reductions, DEF has a need for additional generation capacity in the summer of 2017. The Osprey Energy Center (or "Osprey Plant") is an advanced-class, 599 MW (nominal) natural gas fired combined cycle electrical generating plant located in Auburndale, Florida. The Osprey Plant is interconnected to Tampa Electric Company's transmission system and to the interstate natural gas pipeline owned and operated by Gulfstream Natural Gas System, LLC ("Gulfstream"). The Osprey Plant is operated by Calpine Operating Services Company Inc. ("COSCI") under an operating and maintenance agreement between Osprey LLC and COSCI.

The Osprey Plant achieved commercial operation in 2004 and has a proven track record of reliable operations. Since 2006, Osprey has supplied more than 14 million MWh of wholesale power to a number of Florida utilities, including DEF, Tampa Electric Company, Seminole Electric Cooperative, and other utilities, with an equivalent forced outage rate of

less than 2.0 percent. The Osprey Plant is fully dispatchable and, when integrated into DEF's generating fleet, the Plant is expected to continue to operate with high availability factors and at a capacity factor that is consistent with other DEF combined cycle units of similar vintage.

The Osprey Plant will provide DEF's customers with beneficial combined-cycle generation fuel efficiency and emissions costs at a highly favorable acquisition price, even allowing for necessary capital maintenance costs, operations & maintenance expenses, and transmission interconnection investments in the Plant to integrate it into DEF's system. On a Cumulative Present Value Revenue Requirement ("CPVRR") basis, the Osprey Plant acquisition is the most cost-effective power supply alternative available to meet the needs of DEF's customers and the Commission should approve DEF's petition.

#### **D. OSPREY LLC'S STATEMENT OF ISSUES AND POSITIONS**

Osprey LLC provides its statements of positions on the issues set forth in Order No. PSC-15-0127-PCO-EI, issued March 19, 2015, in accordance with Section III of the Order Establishing Procedure.

##### **Issue 1: Does DEF have a need for additional generation capacity prior to 2018?**

Osprey LLC Position:

Yes. DEF has a need for additional generation capacity prior to 2018. The Osprey Energy Center is the best and most cost-effective alternative available to DEF to meet that need.

**Issue 2: Is the acquisition of Calpine's Osprey Plant the most cost-effective way to meet DEF's generation need prior to 2018?**

**Osprey LLC Position:**

Yes, the acquisition of the Osprey Plant is the most cost-effective generation supply alternative available to meet the needs of DEF and its customers prior to 2018.

The Osprey Plant will provide DEF's customers with beneficial combined-cycle generation fuel efficiency and emissions costs at a highly favorable acquisition price. On a CPVRR basis, the Osprey Plant acquisition is approximately \$61 million more cost effective for DEF's customers than the Suwannee Simple Cycle Project and is the most cost-effective way to meet DEF's remaining generation need prior to 2018.

**Issue 3: Does the Asset Purchase and Sale Agreement for the Osprey Plant contain adequate provisions to protect DEF's customers?**

**Osprey LLC Position:**

Yes, the APA contains sound and appropriate provisions to effectively protect DEF's customers, including the following:

1. reasonable negotiated terms to protect the condition of the Osprey Plant between the Parties' execution of the APA and the closing of the acquisition;
2. provisions for DEF to continue due diligence activities to ensure that the Osprey Plant remains in a condition that is similar to its current condition, normal wear and tear excepted;
3. conditions precedent to the closing of the Osprey Plant acquisition that include obtaining the requisite governmental or regulatory approvals for the acquisition;

4. provisions that guarantee that Osprey LLC and Calpine will meet their financial obligations; and
5. protections to ensure that DEF and its customers are held harmless if the Federal Energy Regulatory Commission does not approve the acquisition in a timely manner.

**Issue 4: If the Osprey Plant cannot be acquired under the terms and conditions of the Asset Purchase and Sale Agreement, is construction of the DEF Suwannee Generation Project the next most cost-effective way to meet DEF's generation need prior to 2018?**

Osprey LLC Position:

No position.

**Issue 5: Given the resolution of the foregoing issues, how and when may DEF request recovery of the final costs for the Osprey Plant acquisition or the Suwannee Simple Cycle Project?**

Osprey LLC Position:

Because the Osprey Energy Center, to be acquired by DEF pursuant to the Asset Purchase and Sale Agreement, is the best and most cost-effective generation supply alternative available to meet the needs of DEF and its customers prior to 2018, the Commission should approve DEF's requests for timely recovery of its payments for the Osprey Plant. Osprey LLC takes no position as to the specific timing and method of DEF's requests for such cost recovery.

**E. STIPULATED ISSUES**

None at this time.

**F. PENDING MOTIONS OR OTHER MATTERS**

None at this time.

**G. OSPREY LLC'S REQUESTS FOR CONFIDENTIAL CLASSIFICATION**

None.

**H. REQUIREMENTS OF PREHEARING ORDER**

There are no requirements of the Prehearing Order with which Osprey LLC cannot comply.

**I. OBJECTIONS TO WITNESSES' QUALIFICATIONS**

None.

Respectfully submitted this 6th day of May 2015.



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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 6th day of May 2015.

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