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ADMINISTRATION  
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the southern electric system

Susan D. Cranmer  
Assistant Secretary and  
Assistant Treasurer

June 21, 1996

Ms. Blanca S. Bayo, Director  
Division of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee FL 32399-0870

Dear Ms. Bayo:

RE: Docket No. 960111-EU

Enclosed are an original and fifteen copies of Gulf Power Company's Comments  
on the Proposed Rules 25-17.085, 25-17.0851, and 25-17.0852, F.A.C.

Sincerely,

ACK

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Enclosures

cc: Beggs and Lane  
Jeffrey A. Stone, Esquire

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FPSC-RECORDS/REPORTING

The business is customer satisfaction

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Proposed Rules 25-17.085, )  
25-17.0851, and 25-17.0852, F.A.C., )  
Contents Submission, and Review )  
of Ten-Year Site Plans )  
\_\_\_\_\_ )

Docket No. 960111-EU  
Date Filed: June 24, 1996

**Gulf Power Company's Comments on Proposed  
Rules 25-17.085, 25-17.0851, and 25-17.0852, F.A.C.**

The intent of Chapter 186.801, F.S. is to have the utilities file a Ten-Year Site Plan (TYSP) containing preliminary information about the utility's proposed generating sites. The information in the filing accumulates and summarizes the output of the individual utility's planning process. The filing is to be reviewed by various interested governmental entities and private concerns with the result being a determination by the Public Service Commission of whether the utility's plan was suitable. The intent underlying the statute has never been to dictate how the utilities perform their planning process. Under the proposed rules, the Commission would be mandating the planning process Florida's electric utilities must use in determining how to meet their future capacity needs.

The rules as proposed require a level of information far beyond that needed for Staff to determine if a utility's plan is suitable. The information that would be required under the proposed rules is that which would be more appropriately found in a need determination proceeding, not the TYSP filing. In determining suitability of a utility's ten-year site plan, the Commission staff needs only to have the utility provide information about its most probable load and energy forecast, including supporting documentation of the forecast, and the means by which the utility plans to meet its future demand needs. This information allows a

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comparison with the utility's resources for a determination of their adequacy over time. This is exactly the information that has been provided to the DCA in the past and found sufficient to determine suitability of a utility's plan. Moreover, this information is what is contemplated in Section 2 of Chapter 186 801, F.S. which states that "[w]ithin 9 months after the receipt of the proposed plan, the Commission shall make a preliminary study of such plan and classify it as 'suitable' or 'unsuitable'." This section enumerates six areas that the Commission is to review:

- (a) the need, including the need as determined by the commission, for electric power in the area to be served;
- (b) the anticipated environmental impact of each proposed electric power plant site;
- (c) possible alternatives to the proposed plan;
- (d) the views of the appropriate local, state, and federal agencies, including the views of the appropriate water management district as to the availability of water and its recommendation as to the use by the proposed plant of salt water or fresh water for cooling purposes;
- (e) the extent to which the plan is consistent with the state comprehensive plan;
- (f) the plan with respect to the information of the state on energy availability and consumption.

The proposed rules require more information than is necessary for the utilities and the Commission to comply with Chapter 186 801 of the Florida Statutes. The statutory intent underlying the statute, nor the plain meaning of the statute support elevating the ten-year site plan process to the level of a need determination.

Requiring utilities to submit the additional information would significantly impact their planning process. In Gulf's case, some of the information Staff has proposed be included in the TYSP is scheduled to be generated only every three years. This is a decision based on prudent planning methodology. Requiring the information annually is directly requiring Gulf and the other utilities to plan a certain way and at a specific interval. Additionally, this information is an output of the joint planning Gulf does with the Southern electric system. Significant savings are achieved through this joint planning process. These savings will not be realized if Gulf has to compile the information annually on its own. Gulf perceives no benefit from compiling this information annually, thus doing so would only be for its inclusion into the TYSP filing.

Staff has expressed concern with its ability to test the robustness of a utility's plan if the additional information is not submitted by the utilities. An example provided by Staff at the workshop involved one of the specific sensitivities, the case that holds the current differential between coal, oil, and gas prices constant throughout time. Staff stated that this sensitivity would test the robustness of the plan when compared with historical data. In the past, particularly when there were tremendous differences in fuel prices as a result of the oil embargo, this sensitivity may have had some significance. However, today this sensitivity has no value in a utility's planning process and consequently is not performed by the utilities. Requiring this sensitivity will dictate the planning process of the utilities while providing no real indication of plan robustness. Again, this will be supplied, if required, only to meet a filing requirement with no benefit to the utility or the Staff.


The requirement that a utility include high and low case sensitivities is also a concern of Gulf. Staff expressed that it needed this information to test the robustness of a plan and to compare it to historical data. Gulf does not believe that this information adds any benefit to the planning process. The factors that shape the utilities' planning environment currently are vastly different from those of the 1970's and 1980's. The economic factors of today which affect fuel prices, construction costs, and other financial components are much more stable than they were the past twenty years. There have been technological advances in combustion turbines and combined cycle units that have improved their economics and construction lead time. There are independent power producers (IPP) and other non-utility generators (NUG) that have power available from time-to-time at fairly attractive costs. There is nothing in the economic assumptions that can change enough to cause a major difference in a utility's plan for the near term (next 5 or 6 years) that makes any of the high and low case sensitivities contained in the proposed rules worth doing from the utility's perspective. If utilities were needing to install base load capacity with a construction lead time of seven years, then there certainly would be value for performing high and low case sensitivities. We currently do not perform these sensitivities on an annual basis because all of our current capacity needs are for peaking and intermediate technologies with significantly shorter construction or acquisition lead times.

Gulf does not see any value in providing fuel price forecast information in the planning process. The issue in the TYSP process with regard to fuel is what kind of fuel is to be used, not how much it is projected to cost. In the past, DCA did not find a TYSP unsuitable because

it lacked fuel price information. This information is not vital to any determination in the TYSP process. Additionally, the fuel price forecast information is considered by the Company to be competitively sensitive and should not be disclosed. Public disclosure of such information will inevitably allow our competitors and fuel suppliers to gain an unfair advantage in a competitive fuel market.

The Commission's proposed rules, Schedule 10.2, requests information about outage factor, availability factor, K factor, and variable and fixed O & M. This information does not aid the Staff in its determination whether a utility's plan is suitable. The same is true for the information on Schedule 12 that deals with existing unit outage and availability. Finally, the financial information requested on Schedules 14.1 and 14.2 is not necessary to the TYSP process.

Dated the 21<sup>st</sup> day of June, 1996.



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Docket No. 960111-EU

Certificate of Service

I HEREBY CERTIFY that a true copy of the foregoing was furnished by hand delivery or the U. S. Mail this 24<sup>th</sup> day of June 1996 on the following:

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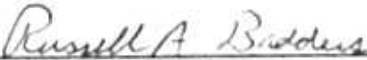
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