



October 7, 1999

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Generic Investigation into Aggregate Electric Utility Reserve Margins Planned for
Peninsular Florida; FPSC Docket No. 981890-EI

Dear Ms. Bayo:

Enclosed for filing in this docket are the original and fifteen (15) copies of Prehearing
Statement of Gainesville Regional Utilities.

Also enclosed is a diskette containing the above Prehearing Statement saved in Word
97 and WordPerfect formats.

Thank you for your assistance with this filing.

Sincerely,

Raymond O. Manasco, Jr.
Utilities Attorney

ROM:ntk
Enclosures

AFA	<u>2</u>	
APP	_____	cc: Parties of Record
CAF	_____	
CMU	_____	
CTR	_____	
EAG	<u>7/16/99</u>	
LEG	<u>1</u>	
MAS	<u>5</u>	
OPC	_____	
PAI	<u>2</u>	
SEC	<u>1</u>	
WAW	_____	
OTH	_____	

MAIL ROOM
08 OCT 8 AM 8 30

RECEIVED
FLORIDA PUBLIC SERVICE COMMISSION

DOCUMENT NUMBER - DATE

12237 OCT -8 99

FPSC-RECORDS/REPORTING

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Generic Investigation)
Into the Aggregate Electric)
Utility Reserve Margins)
planned for Peninsular Florida)
_____)

Docket No. 981890 – EU

Filed: October 6, 1999

**PREHEARING STATEMENT OF
GAINESVILLE REGIONAL UTILITIES**

Pursuant to Order No. PSC-99-1274-PCO-EU, issued July 1, 1999, Gainesville Regional Utilities (GRU) hereby submits its Prehearing Statement:

A. Witnesses

GRU does not have any witnesses at this time.

B. Exhibits

GRU does not have any exhibits at this time.

C. Statement of Basic Position

GRU's basic position is that reserve margins should continue to be established on a utility specific basis and that the FPSC need not establish any additional regulatory standards relating to reserve margins. GRU calculates its reserve margin in a manner consistent with the Florida Reliability Coordinating Council's methodology. GRU plans its resources to meet a minimum 15% reserve margin for both winter and summer peak demands and deems these levels to be sufficient in ensuring the reliability of its electric system.

DOCUMENT NUMBER-DATE

12237 OCT-8 99

FPSC-RECORDS/REPORTING

D. Issues and Positions

Issue 1: What is the appropriate methodology, for planning purposes for calculating service reserve margins for individual utilities and for Peninsular Florida?

GRU: The methodology currently used by GRU to calculate reserve margins is consistent with both the formula set forth in FPSC Rule 25-6.035 and the FRCC's methodology and continues to be an appropriate methodology for calculating reserve margins for planning purposes for GRU and Peninsular Florida.

Issue 2: What is the appropriate methodology for planning purposes, for evaluating reserve margins for individual utilities and for Peninsular Florida?

GRU: No position at this time

Issue 3: How should the individual components of an individual or peninsular Florida percent reserve margin planning criterion be defined?

A. Capacity available at time of peak (Ex. QF capacity, firm and non-firm purchases and non-committed capacity). Should equipment delays be taken into account?

GRU: No position at this time

B. Seasonal firm peak demand. Over what period (hourly, 30 min., 15 min.) should the seasonal firm peak demand be determined? What is the proper method of accounting for the diversity of the individual utilities' seasonal firm peak demands and load uncertainty? Is sufficient load uncertainty data available and being used? How are interruptible, curtailable, load management and wholesale loads treated at the end of their tariff or contract termination period? How should demand and/or energy use reduction options be evaluated and included in planning and setting reserve margins?

GRU: Reserve margins are appropriately addressed over an integrated one hour period.

C. Should a percent reserve margin planning criterion be determined on an annual, seasonal, monthly, daily or hourly basis?

GRU: A percent reserve margin planning criterion is appropriately addressed on a seasonal basis.

Issue 4: How should generating units be rated (MW) for inclusion in a percent reserve margin planning criterion calculation?

GRU: No position at this time

Issue 5: How should individual utilities' reserve margins be integrated into the aggregated reserve margin for Peninsular Florida?

GRU: The reserve margin for Peninsular Florida should be derived from the aggregate loads and resources of the individual utilities. It is appropriate to consider that not all utilities experience their peak demands during the same hour when determining the coincident peak demands for Peninsular Florida.

Issue 6: Should there be a limit on the ratio of non-firm load to MW reserves? If so, what should that ratio be?

GRU: No position at this time

Issue 7: Should there be a minimum of supply-side resources when determining reserve margins? If so, what is the appropriate minimum level?

GRU: No position at this time

Issue 8: What, if any, planning criteria should be used to assess the generation adequacy of individual utilities?

GRU: Each utility should determine the appropriate planning criteria best suited to meet its specific requirements.

Issue 9: Should the import capability of Peninsular Florida be accounted for in measuring and evaluating reserve margins and other reliability criteria, both for individual utilities and for Peninsular Florida?

GRU: No position at this time

Issue 10: Do the following utilities appropriately account historical winter and summer temperatures when forecasting seasonal peak loads for purposes of establishing a percent reserve margin planning criterion?

- A. City of Homestead
- B. City of Lake Worth Utilities
- C. City of Lakeland
- D. City of Tallahassee
- E. Florida Power and Light Company
- F. Florida Power Corporation
- G. Florida Municipal Corporation
- H. Gainesville Regional Utilities
- I. Jacksonville Electric Authority
- J. Kissimmee Utility Authority
- K. Orlando Utilities Commission
- L. Reedy Creek Improvement District
- M. Seminole Electric Cooperative
- N. Tampa Electric Company
- O. Utilities Commission of New Smyrna Beach

GRU: Yes. GRU's projections of seasonal peak demands use appropriate measures of historical weather conditions that have impacted the historical recorded seasonal peaks in GRU's service territory.

Issue 11: Has the Florida Reliability Coordinating Council's 15 percent reserve margin planning criterion, or any other proposed reserve margin criterion, been adequately tested to warrant using it as a planning criterion for the review of generation adequacy on a Peninsular Florida basis? If the answer is no, what planning criterion should be used?

GRU: Yes. The FRCC's current 15% reserve margin standard and its underlying analysis are appropriate measures for examining supply adequacy for Peninsular Florida. The FRCC's standard is also consistent with that of several other NERC Regions that use reserve margin standards and has been validated empirically over years of successful operations.

Issue 12: What percent reserve margin is currently planned for each of the following utilities and is it sufficient to provide an adequate and reliable source of energy for operational and emergency purposes of Florida?

- A. City of Homestead

- B. City of Lake Worth Utilities
- C. City of Lakeland
- D. City of Tallahassee
- E. Florida Power and Light Company
- F. Florida Power Corporation
- G. Florida Municipal Power Agency
- H. Gainesville Regional Utilities
- I. Jacksonville Electric Authority
- J. Kissimmee Utility Authority
- K. Orlando Utilities Authority
- L. Reedy Creek Improvement District
- M. Seminole Electric Cooperative
- N. Tampa Electric Company
- O. Utilities Commission of New Smyrna Beach

GRU: GRU uses a long-term resource planning criteria of a minimum 15% reserve margin. GRU's Ten Year Site Plan reflects reserves that exceed this minimum planning criterion. GRU's plan provides for adequate, reliable, and economic energy to meet the needs of its customers.

Issue 13: How does the reliability criteria adopted by the FRCC compare to the reliability criteria adopted by other reliability councils?

GRU: The FRCC's standard is consistent with that of several other NERC Regions that use reserve margin standards.

Issue 14: Should the Commission adopt a reserve margin standard for individual utilities in Florida? If so, what should be the appropriate reserve margin criterion for individual utilities in Florida? Should there be a transition period for utilities to meet that standard?

GRU: No. Each utility faces a unique set of circumstances for which it needs to establish long-term planning approaches. Rule 25.6.035 adequately addresses any concerns about equitable sharing of reserves, and no additional criteria or standards are needed. If new standards are set, an appropriate transition period should be provided.

Issue 15: Should the Commission adopt a reserve margin standard for Peninsular Florida? If so, what should be the appropriate reserve margin criteria for Peninsular Florida?

No, the Commission should not adopt a reserve margin standard for Peninsular Florida. The FPSC may obtain necessary

assurances about the adequacy of power resources in Peninsular Florida through its active support of and participation in the FRCC's annual planning activities.

Issue 16: **Should the Commission adopt a maximum reserve margin criterion or other reliability criterion for planning purposes; e.g., the level of reserves necessary to avoid interrupting firm load during weather conditions like those experienced on the following dates: 01/08/70, 01/11/77, 01/13/81, 01/18/81, 12/19/81, 12/25/85, 01/21/86 and 12/23/89?**

GRU: No. A maximum reserve margin limit should not be necessary. The present regulatory process imposes sufficient limits on additions of significant generation as a result of the economic and environmental considerations that must be addressed.

Issue 17: **What percent reserve margin is currently planned for Peninsular Florida, and is it sufficient to provide an adequate and reliable source of energy for operational and emergency purposes in Peninsular Florida?**

The FRCC reserve margin standard establishes a 15% minimum threshold for Peninsular Florida. GRU endorses the FRCC studies and conclusions, which indicate that reserve margin levels will be above the minimum for the planning horizon and will be sufficient to provide adequate and reliable energy supplies for Peninsular Florida.

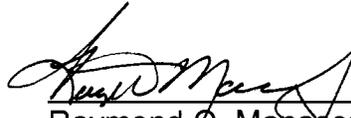
Issue 18: **Can out-of-Peninsular Florida power sales interfere with the availability of Peninsular Florida reserve capacity to serve Peninsular Florida consumers during a capacity shortage? If so, how should such sales be accounted for in establishing a reserve margin standard?**

GRU: No position at this time

Issue 19: **Based on the resolution of Issues 1 through 18, what follow-up action, if any, should the Commission pursue?**

GRU: The FPSC should continue to monitor reserve margins in Florida through the Ten Year Site Plan review process without changing the criteria that the FPSC has traditionally used.

RESPECTFULLY SUBMITTED on this 7th day of October, 1999.



Raymond O. Manasco, Jr., for
Gainesville Regional Utilities
Post Office Box 147117
Gainesville, FL 32602

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing Prehearing Statement, filed on behalf of Gainesville Regional Utilities, has been served by U.S. Mail on this 7th day of October, 1999, to the following:

Robert V. Elias, Esquire
Leslie J. Paugh, Esquire
Florida Public Service Commission
Gerald L. Gunter Building
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399

Reedy Creek Improvement District
Willard Smith / Fran Winchester
Post Office Box 10175
Lake Buena Vista, FL 32830

City of Tallahassee
Kenneth A. Hoffman
Rutledge, Ecenia, Purnell & Hoffman
Post Office Box 551
Tallahassee, Florida 32302

McWhirter Reeves McGlothlin
Vickie Gordon Kaufman
117 South Gadsden Street
Tallahassee, Florida 32301

Utilities Commission
City of New Smyrna Beach
Ronald L. Vaden
Post Office Box 100
New Smyrna Beach, FL 32170

Office of Public Counsel
John Roger Howe
111 W. Madison Street, Rm. 812
Tallahassee, FL 32399

Beggs & Lane
Jeffrey Stone
Post Office Box 12950
Pensacola, FL 32576

Ausley & McMullen
James Beasley
Post Office Box 391
Tallahassee, FL 32301

FL Electric Cooperative Association
Michelle Hershel
Post Office Box 590
Tallahassee, FL 32302

Legal Environmental Assistance
Foundation
Deb Swim
1114 Thomasville Road, Suite E
Tallahassee, FL 32303

Florida Reliability Coordinating Council
Ken Wiley
405 Reo Street, Suite 100
Tampa, FL 33609

Landers & Parsons
Scheff Wright
Post Office Box 271
Tallahassee, Florida 32303

Moyle Flanigan
Jon Moyle, Jr.
210 South Monroe Street
Tallahassee, FL 32301

Steel Hector and Davis
Matthew M. Childs
215 South Monroe Street
Suite 601
Tallahassee, FL 32301

City of Homestead
James Swartz
675 N. Flagler Street
Homestead, FL 33030

City of Lake Worth Utilities
Harvey Wildschuetz
1900 Second Avenue, North
Lake Worth, FL 33461

Seminole Electric Cooperative
Timothy Woodbury
Post Office Box 272000
Tampa, Florida 33688

Florida Power Corporation
Jim McGee
Post Office Box 14042
St. Petersburg, FL 33733

City of Lakeland
Gary Lawrence
501 East Lemon Street
Lakeland, FL 33801

Young VanAssenderp & Varnadoe
Roy Young
Post Office Box 1833
Tallahassee, FL 32302

Jacksonville Electric Authority
Tracey E. Danese
21 West Church Street
Tower 16
Jacksonville, Florida 32202

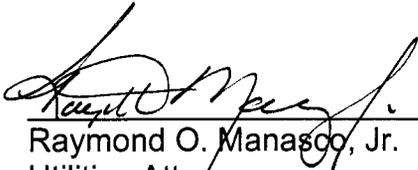
Kissimmee Utility Authority
A. K. (Ben) Sharma
Post Office Box 423219
Kissimmee, FL 34742

Thornton Williams & Association
Paul Sexton
Post Office Box 10109
Tallahassee, FL 32302

Florida Municipal Power Agency
Frederick Bryant
Post Office Box 3209
Tallahassee, Florida 32315

Orlando Utilities Commission
Thomas B. Tart
Post Office Box 3193
Orlando, FL 32802

Foley & Lardner
Thomas Maida
300 East Park Avenue
Tallahassee, Florida 32301


Raymond O. Manasco, Jr.
Utilities Attorney
Florida Bar 219861
Gainesville Regional Utilities
Post Office Box 147117, Sta. A-138
Gainesville, Florida 32614-7117