

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Review of GridFlorida)
Regional Transmission)
Organization (RTO) Proposal)
_____)

Docket No. 020233-El
Filed: October 17, 2005

**JOINT COMMENTS OF LAKELAND ELECTRIC,
KISSIMMEE UTILITY AUTHORITY, GAINESVILLE REGIONAL UTILITIES,
AND THE CITY OF TALLAHASSEE, FLORIDA**

Pursuant to the schedule agreed upon at the informal meeting convened in this proceeding on September 26, 2005, the City of Lakeland, Florida d/b/a Lakeland Electric (Lakeland), the City of Tallahassee, Florida (Tallahassee), Kissimmee Utility Authority (KUA), and the City of Gainesville, Florida d/b/a Gainesville Regional Utilities (GRU) -- collectively referred to herein as the Florida Municipal Group (FMG)¹ -- hereby comment on the "Florida Independent Transmission Provider" strawman proposed by the Florida Municipal Power Agency, Seminole Electric Cooperative, Inc., Calpine Corporation, and Northern Star Energy (collectively, "FITP sponsors").

BACKGROUND

The instant proceeding is long-running and concerns efforts to establish an independent system operator (ISO) or regional transmission organization (RTO) within peninsular Florida. Such efforts began approximately *five years* ago when the three principal investor owned utilities in the state developed and filed their GridFlorida proposal with the Federal Energy Regulatory Commission (FERC). Support for GridFlorida has eroded substantially in recent months due in

¹ The FMG is an *ad hoc* advocacy group. Each member of the FMG has intervened independently in this proceeding and reserves the right to express individual views at any time.

large part to changes in FERC policy and the release of data from a study performed by ICF Consulting, Inc. (ICF) indicating that the costs of GridFlorida would far exceed any benefits.

In an apparent effort to reinvigorate and reshape the process, four stakeholders filed a "strawman" proposal on August 22, 2005, relating to the establishment of a Florida Independent Transmission Provider (FITP). The FITP was characterized by its sponsors as a "Non-RTO Alternative" designed to capture the benefits of an RTO without the same level of costs. Unlike an RTO, the FITP would *not* take operational control of transmission facilities, would *not* implement energy markets, and would *not* materially alter congestion management practices. The FITP concept was discussed at an informal meeting convened by the Florida Public Service Commission (PSC) on September 26, 2005, during which a schedule for commenting on the proposal was agreed upon. The instant comments are filed in accordance with that schedule.

COMMENTS

As noted on a number of occasions in this proceeding, the FMG members are not wholly opposed to the creation of an organization to oversee aspects of the Florida transmission system. In fact, the group generally favors greater coordination and cooperation among Florida's utilities, regardless of whether they are municipalities, cooperatives, or investor owned. Any proposal to create such an organization must be sufficiently plausible to justify the time, effort, and resources that would inevitably be spent in its development and operation. The FMG seriously questioned whether the GridFlorida effort was sufficiently plausible, and the cost and benefit data presented in the ICF study appears to confirm that these concerns were well-founded.

While the FITP concept is markedly different from the GridFlorida model, it nevertheless may suffer from some of the same problems. Like GridFlorida, there is no evidence so far that the FITP approach would produce benefits in excess of costs. The FITP sponsors attempted to

make some showing of benefits at the September 26th meeting at the PSC. Their presentation selectively relied on certain data from the ICF study. The sponsors specifically assumed the FITP could achieve the same "Day 1" benefits as GridFlorida while incurring only a fraction of the costs.² Even using this highly optimistic assumption, however, the presentation still suggested that the costs of the FITP model would exceed benefits by a wide margin.³ Thus, based on the presentation, there is no reason to think the FITP concept would fare materially better than GridFlorida if subjected to the same type of rigorous cost/benefit analysis.

The FITP strawman also suffers from a lack of development. As it stands, the concept is scarcely more than a working hypothesis. This observation is not meant to fault the FITP sponsors, but rather to point out that significant time and effort would be required to even develop the concept to the point where it could be subjected to a meaningful evaluation. While the FITP sponsors and perhaps other stakeholders within Florida may be willing to undertake these efforts, there is no reason that such efforts need to be pursued in the context of a formal regulatory proceeding, nor should they delay resolution of the PSC's review of GridFlorida.

Thus, based on these considerations, the FMG members recommend that the PSC not initiate a formal investigation into the FITP concept at this time. The GridFlorida proceedings have been ongoing for several years already and have caused stakeholders to expend significant time and resources. The aim of these proceedings was to determine whether or not an RTO or ISO should be established within peninsular Florida. That question appears to have been answered rather conclusively by the ICF study. Accordingly, the FMG members believe the time

² The presentation from the September 26th meeting suggests that the FITP could realize the same "Day 1" benefits as GridFlorida (\$71 million) at a significantly reduced cost (\$195 million for FITP versus \$775 million for GridFlorida, net present value).

³ *See id.* (\$71 million in FITP benefits versus \$195 million in costs).

for terminating the GridFlorida proceeding is close at hand and see nothing in the FITP proposal that would cause them to rethink this conclusion.

That is not to say that there may not be some merit in the basic FITP concept. The FMG members support the elimination of pancaked rates and agree, as noted above, that greater coordination of transmission facilities within Florida would be useful. As such, the FMG would encourage the FITP sponsors to continue developing their idea and to seek out support from other stakeholders in the state. Such efforts may yield fruit and justify more formal proceedings at some point in the future. At this time, however, the concept is too underdeveloped to warrant immediate consideration, the expenditure of time and resources on behalf of stakeholders, or a further continuation of the instant regulatory proceedings.

CONCLUSION

The FMG requests that the comments and recommendations set forth above be taken into consideration by the PSC in this proceeding.

Respectfully submitted,

/s/ Douglas F. John
Douglas F. John
Matthew T. Rick
JOHN & HENGERER
1200 17th Street, N.W.
Suite 600
Washington, D.C. 20036
(202) 429-8801

Counsel for the Florida Municipal Group

Dated at Washington, D.C. this 17th day of October, 2005.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by U.S. Mail this 17th day of October, 2005, to the following:

FLORIDA PUBLIC SERVICE COMMISSION

William Cochran Keating, IV
Jennifer S. Brubaker
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
Ph: 850-413-6193
Fax: 850-413-6194
e-mail: wkeating@psc.state.fl.us
jbrubake@psc.state.fl.us

OFFICE OF PUBLIC COUNSEL

Office of Public Counsel
Jack Shreve/J. Roger Howe
111 W. Madison Street, #812
Tallahassee, FL 32399-1400
Ph: 850-488-9330
Fax: 850-488-4491
e-mail: howe.roger@leg.state.fl.us

TAMPA ELECTRIC COMPANY

Lee L. Willis
James D. Beasley
Ausley & McMullen
Post Office Box 391
Tallahassee, FL 32302
Ph: 850-224-9115
Fax: 850-222-7952
e-mail: lwillis@ausley.com
jbeasley@ausley.com
Attorneys for Tampa Electric Company

Harry W. Long, Jr.
Assistant General Counsel
Tampa Electric Company
Post Office Box 111
Tampa, Florida 33601
Ph: 813-228-7102
Fax: 813-228-1770
e-mail: hwlong@tecoenergy.com

Tampa Electric Company
Angela Llewellyn
Regulatory Affairs
Post Office Box 111
Tampa, FL 33601-0111
Ph: 813-228-1752
Fax: 813-228-1770
e-mail: allewellyn@tecoenergy.com

Michael J. Rustum
Dickstein Shapiro Morin & Oshinsky
2101 L Street N.W.
Washington, DC 20037-1526
Ph: 202-861-9178
Fax: 202-887-0689
e-mail: rustumm@dsmo.com

FLORIDA POWER CORPORATION

Progress Energy Florida, Inc.
James A. McGee, Esquire
Post Office Box 14042
St. Petersburg, FL 33733
Ph: 727-820-5184
Fax: 727-820-5519
e-mail: jmcgee@tampabay.rr.com
Attorney for Florida Power Corporation

David Goroff
Peter K. Matt
Bruder, Gentile & Marcoux, L.L.P.
1100 New York Avenue, N.W.
Suite 510-East
Washington, D.C. 20005-3934
Ph: 202-783-1350
Fax: 202-737-9117
e-mail: degoroff@brudergentile.com
Attorneys for Florida Power Corporation

Florida Power Corporation
Paul Lewis, Jr.
106 East College Avenue, Suite 800
Tallahassee, FL 32301-7740
Ph: 850-222-8738, 727-820-5184
Fax: 850-222-9768
e-mail: paul.lewisjr@pgnmail.com

FLORIDA POWER & LIGHT CO.

Rutledge Law Firm
Kenneth Hoffman
Post Office Box 551
Tallahassee, FL 32301
Ph: 850-681-6788
Fax: 850-681-6515
e-mail: ken@reuphlaw.com
Attorneys for Florida Power & Light Co.

Bill Walker
215 South Monroe Street, Suite 810
Tallahassee, FL 32301-1859
Ph: 850-521-3900
Fax: 850-521-3939
e-mail: bill_walker@fpl.com

R. Wade Litchfield, Esq.
Law Department
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408-0429
Ph: 561-691-7101
Fax: 561-691-7135
e-mail: wade_litchfield@fpl.com

CALPINE CORPORATION DUKE ENERGY NORTH AMERICA MIRANT AMERICAS DEVELOPMENT INC.

Leslie J. Paugh, P.A.
Post Office Box 16069
Tallahassee, FL 32317-6069
Ph: 850-656-3411
Fax: 850-656-7040
e-mail: lpaugh@paugh-law.com
Attorneys for Calpine Corporation,
Mirant Americas Development, Inc.
Duke Energy North America

Calpine Corporation
Thomas W. Kaslow
The Pilot House, 2nd Floor
Lewis Wharf
Boston, MA 02110
Ph: 617-723-7200, ex. 393
Fax: 617-557-5353
e-mail: tkaslow@calpine.com

Duke Energy North America
Lee E. Barrett
5400 Westheimer Court
Houston, TX 77056-5310
Ph: 713-627-6519
Fax: 713-627-6566
e-mail: lebarrett@duke-energy.com

Mirant Americas Development, Inc.
Beth Bradley
1155 Perimeter Center West
Atlanta, GA 30338-5416
Ph: 678-579-3055
Fax: 678-579-5819
e-mail: beth.bradley@mirant.com

**DYNEGY INC., PUBLIX,
ORLANDO UTILITIES COMMISSION**

Gray, Harris & Robinson, P.A. (Orl)
Thomas Cloud/W.C. Browder/P. Antonacci
301 East Pine Street, Suite 1400
Orlando, FL 32801
Ph: 407-244-5624, 407-843-8880
Fax: 407-244-5690
e-mail: tcloud@grayharris.com
cbrowder@grayharris.com
Attorneys for Dynegy, Publix and OUC

Orlando Utilities Commission
Wayne Morris/Thomas Washburn
Post Office Box 3193
Orlando, FL 32802-3193
Ph: 407-423-9100, 407-384-4066
Fax: 407-423-9198
e-mail: twashburn@ouc.com

Dynegy Inc.
David L. Cruthirds
1000 Louisiana Street, Suite 5800
Houston, TX 77002-5050
Ph: 713-507-6785
Fax: 713-507-6834
e-mail: david.cruthirds@dynegy.com

Publix Super Markets, Inc.
John Attaway
Post Office Box 32015
Lakeland, FL 33802-2018
Ph: 863-686-8754
Fax: 863-616-5704
e-mail: johnattaway@mail.publix.com

**SEMINOLE ELECTRIC
COOPERATIVE, INC.
SEMINOLE MEMBER SYSTEMS**

Foley & Lardner Law Firm
Thomas J. Maida/N. Wes Strickland
106 East College Ave., Suite 900
Tallahassee, FL 32301-3369
Ph: 850-222-6100, 850-513-3369
Fax: 850-224-3101
e-mail: tmaida@foleylaw.com
nstrickland@foleylaw.com
Attorneys for Seminole Electric Coop.

William T. Miller
Miller Law Firm
1140 19th St., NW, Suite 700
Washington, DC 20036
Ph: 202-296-2960
Fax: 202-296-0166
e-mail: wmillers@mbolaw.com
Attorneys for Seminole Electric
Cooperative, Inc.

Seminole Electric Cooperative, Inc.
Timothy Woodbury
16313 North Dale Mabry Highway
Tampa, FL 33688-2000
Ph: 813-963-0994
Fax: 813-264-7906
e-mail: twoodbury@seminole-electric.com

**FLORIDA ELECTRIC
COOPERATIVES ASSOC., INC.**

Michelle Hershel
2916 Apalachee Parkway
Tallahassee, FL 32301
Ph: 850-877-6166
Fax: 850-656-5485
e-mail: mhershel@feca.com

**CPV ATLANTIC, LTD., PG&E
NATIONAL ENERGY GROUP CO.**

Jon Moyle/Cathy Sellers/Dan Doorakian
Moyle Law Firm
The Perkins House, 118 N Gadsden St.
Tallahassee, FL 32301
Ph: 850-681-3828
Fax: 850-681-8788
e-mail: jmoylejr@moylelaw.com
Attorneys for CPV Atlantic, Inc.
PG&E National Energy Group Co.

CPV Atlantic, Ltd.
146 NW Central Park Plaza, Suite 101
Port Saint Lucie, FL 34986

PG&E National Energy Group Co.
Melissa Lavinson
7500 Old Georgetown Road
Bethesda, MD 20814
Ph: 301-280-6887
Fax: 301-280-6379
e-mail: melissa.lavinson@neg.pge.com

**RELIANT ENERGY POWER
GENERATION, INC.**

McWhirter Law Firm
Vicki Kaufman/Joseph McGlothlin
117 S. Gadsden Street
Tallahassee, FL 32301
Ph: 850-222-2525
Fax: 850-222-5606
e-mail: jmcglothlin@mac-law.com
vkaufman@mac-law.com
Attorneys for Reliant Energy Power
Generation, Inc.

Reliant Energy Power Generation, Inc.
Michael Briggs
801 Pennsylvania Ave., Suite 620
Washington, DC 20004
Ph: 202-783-7220
Fax: 202-783-8127
e-mail: mbriggs@reliant.com

**FLORIDA INDUSTRIAL POWER
USERS GROUP**

McWhirter Law Firm
John McWhirter
Post Office Box 3350
Tampa, FL 33601-3350
Ph: 813-224-0866
Fax: 813-221-1854
e-mail: jmcwhirter@mac-law.com
Attorneys for Florida Industrial Power
Users Group

**REEDY CREEK IMPROVEMENT
DISTRICT
WALT DISNEY WORLD**

Sutherland Asbill & Brennan LLP
Daniel Frank
1275 Pennsylvania Ave., NW
Washington, DC 20004-2415
Ph: 202-383-0838, 202-383-0100
Fax: 202-637-3593
e-mail: dfrank@sablaw.com
Attorneys for Reedy Creek and
Walt Disney World

John Giddens
Reedy Creek Improvement District
Post Office Box 10000
Lake Buena Vista, FL 32830
Ph: 407-824-4892
Fax: 407-824-5396
e-mail: john.giddens@disney.com

Lee Schmudde
1375 Lake Buena Drive
Fourth Floor North
Lake Buena Vista, FL 32830

**FLORIDA MUNICIPAL POWER
AGENCY**

Frederick M. Bryant/Jody Lamar Finklea
2061-2 Delta Way
Tallahassee, FL 32303
Ph: 850-297-2011
Fax: 850-297-2014
e-mail: fred.bryant@fmpa.com
jody.lamar.finklea@fmpa.com
Attorneys for Florida Municipal Power
Agency

Spiegel & McDiarmid
Cynthia Bogorad/David Pomper/J. Schwarz
1350 New York Ave., NW, Suite 1100
Washington, DC 20005-4798
Ph: 202-879-4000
Fax: 202-393-2866
e-mail:
cynthia.bogorad@spiegelmc.com
Co-counsel for Florida Municipal Power
Agency

Florida Municipal Power Agency
Robert C. Williams
8553 Commodity Circle
Orlando, FL 32819-9002
Ph: 407-355-7767
Fax: 407-355-5794
e-mail: bob.williams@fmpa.com

**CITY OF TALLAHASSEE
LAKELAND ELECTRIC
GAINESVILLE/KISSIMMEE**

John & Hengerer Law Firm
Douglas John/Matthew Rick
1200 17th Street, NW
Suite 600
Washington, DC 20036-3013
Ph: 202-429-8801, 202-429-8809
Fax: 202-429-8805
e-mail: djohn@jhenergy.com
mrick@jhenergy.com
Attorneys for City of Tallahassee, Lakeland
Electric, Gainesville and Kissimmee

City of Tallahassee
Paul Clark
400 East Van Buren Street
Tallahassee, FL 32301
Ph: 850-891-3130
Fax: 850-891-3138
e-mail: clarkp@talgov.com

Gainesville Regional Utilities/
City of Gainesville
Ed Regan
Post Office Box 147117, Station A136
Gainesville, FL 32614-7117
Ph: 352-334-1272, 352-334-3400x1260
Fax: 352-334-3151
e-mail: reganej@gru.com

Kissimmee Utility Authority
Robert Miller
1701 West Carroll Street
Kissimmee, FL 32746
Ph: 407-933-7777
Fax: 407-847-0787
e-mail: rmiller@kua.com

Lakeland Electric
Paul Elwing
501 E. Lemon Street
Lakeland, FL 33801-5079
Ph: 863-834-6531
Fax: 863-834-6362
e-mail: paul.elwing@lakelandgov.net

**JACKSONVILLE ELECTRIC
AUTHORITY**

Suzanne Brownless, P.A.
1975 Buford Blvd.
Tallahassee, FL 32308-4466
Ph: 850-877-5200
Fax: 850-878-0090
e-mail: sbrownless@comcast.net
Attorney for JEA

P. G. Para
21 West Church Street
Jacksonville, FL 32202-3139
Ph: 904-665-6208
Fax: 904-665-4238
e-mail: parapg@jea.com

Dick Basford & Associates, Inc.
5616 Fort Sumter Road
Jacksonville, FL 32210
Ph: 904-771-3575
Fax: 573-7971
e-mail: dbasford@attbi.com

Michael Wedner
117 West Duval Street, Suite 480
Jacksonville, FL 32202
Ph: 904-630-1834
Fax: 904-630-1316
e-mail: mwedner@coj.net

SOUTH FLORIDA HOSPITAL and HEALTHCARE ASSOCIATION

Mark Sundback/Kenneth Wiseman
Andrews & Kurth Law Firm
1701 Pennsylvania Ave., NW, Suite 300
Washington, DC 20006
Ph: 202-662-2700
Fax: 202-662-2739
e-mail: msundback@andrews-kurth.com

Attorneys for South Florida Hospital and
Healthcare Association

South Florida Hospital and Healthcare
Association
Linda Quick
6363 Taft Street
Hollywood, FL 33024
Ph: 954-964-1660
Fax: 954-962-1260
e-mail: lquick@sfhha.com

FLORIDA RETAIL FEDERATION

Greenberg, Traurig Law Firm
Ron LaFace/Seann M. Frazier
101 E. College Ave.
Tallahassee, FL 32301
Ph: 850-222-6891
Fax: 850-681-0207
e-mail: lafacer@gtlaw.com
fraziers@gtlaw.com
Attorneys for Florida Retail Federation

Florida Retail Federation
100 E. Jefferson Street
Tallahassee, FL 32301
Ph: 850-222-3461
Fax: none
e-mail: bkelly@scholarship.org

TRANS-ELECT, INC.

Katz, Kutter Law firm
Bill Bryant, Jr./Natalie Futch
12th Floor
106 East College Avenue
Tallahassee, FL 32301
Ph: 850-224-9634
Fax: 850-222-0103
e-mail: natalief@katzlaw.com
Attorneys for Trans-Elect, Inc.

Trans-Elect, Inc.
Alan J. Statman, General Counsel
1200 G Street NW, Suite 600
Washington, DC 20005
Ph: 202-393-1200
Fax: 202-393-1240
e-mail: statman@wrightlaw.com

**SOLID WASTE AUTHORITY OF
PALM BEACH COUNTY
FLORIDA PHOSPHATE COUNCIL
FLORIDA INDUSTRIAL
COGENERATION ASSOC.**

Richard Zambo
598 SW Hidden River Ave.
Palm City, FL 34990
Ph: 772-220-9163
Fax: 772-220-9402
e-mail: richzambo@aol.com
Attorney for Solid Waste Authority
Florida Phosphate Council
Florida Industrial Cogeneration Assoc.

Solid Waste Authority
Dr. Marc C. Bruner
7501 North Jog Road
West Palm Beach, FL 33412
Ph: 561-640-4000, ex. 5607
Fax: 561-640-3400
e-mail: mcbruner@swa.org

Florida Phosphate Council
Susan Barfield
1435 East Piedmont Drive, Suite 211
Tallahassee, FL 32308
Ph: 850-224-8238
Fax: 850-224-8061
e-mail: susan@flaphos.org

LEE COUNTY

Landers Law Firm
Wright/LaVia
310 West College Avenue
Tallahassee, FL 32301
Ph: 850-681-0311
Fax: 850-224-5595
e-mail:
swright@landersandparsons.com
jlavia@landersandparsons.com
Attorneys for Lee County

SUGARMILL WOODS CIVIC ASSOC.

Michael Twomey
Post Office Box 5256
Tallahassee, FL 32314-5256
Ph: 850-421-9530
Fax: 850-421-8543
e-mail: miketwomey@talstar.com
Attorney for Sugarmill Woods Civic Assoc.

By: /s/ Douglas F. John
Douglas F. John