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ORIGINAL

June 21, 2002

VIA HAND DELIVERY

Blanca S. Bayo
Director, Division of Commission Clerk and
Administrative Services
Florida Public Service Commission
4075 Esplanade Way
Room 110 Betty Easley Conference Center
Tallahassee, Florida 32399

Re: Review of GridFlorida Regional Transmission Organization (RTO) Proposal.
Docket No.: 020233-EI

Dear Ms. Bayo :

Please find enclosed for filing in the above-referenced docket the original and 15 copies of the Post Workshop Comments of Seminole Electric Cooperative, Inc. and Seminole Member Cooperatives Regarding GridFlorida Compliance Filing. Please stamp the duplicate copy of this letter to acknowledge receipt of the attached.

Thank you for your assistance.

Sincerely yours,

N. Wes Strickland

AUS
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SEC
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NAWS/lam
5 Enclosures
cc: All Parties of Record in Docket 020233-EI (via U.S. Mail)

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CLIENT/MATTER NUMBER
062012-0102

010.135186.1

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Review of GridFlorida Regional Transmission Organization (RTO) Proposal	)))	Docket No. 020233-EI

POST-WORKSHOP COMMENTS OF SEMINOLE ELECTRIC COOPERATIVE, INC. AND SEMINOLE MEMBER COOPERATIVES REGARDING GRIDFLORIDA COMPLIANCE FILING

Pursuant to the "Order Establishing Procedure" issued by the Florida Public Service Commission ("FPSC" or "Commission") in this docket on April 3, 2002, as amended by the Commission's April 22, 2002 "Order Granting Joint Motion for Extension of Time To File Comments and Revising Order Establishing Procedure," Seminole Electric Cooperative, Inc. ("Seminole") and the Seminole Member Cooperatives (together referred to as "Seminole" unless the context indicates otherwise), which submitted pre-workshop comments in this proceeding on May 8, 2002, and participated thereafter in the May 29 workshop, submit these post-workshop comments for consideration by the Commission regarding the March 20, 2002 compliance filing by the GridFlorida Applicants.

I. Summary of Pre-Workshop Comments

In its May 8 pre-workshop comments, Seminole noted, among other things, (i) that in contrast to the stakeholder collaborative process that culminated in the GridFlorida filing at the FERC in Docket No. RT01-67, the stakeholder process that preceded the Applicants' March 20, 2002 compliance filing in this proceeding was truncated and as a result the outcome was unsatisfactory; (ii) that the Applicants in their March 20 compliance filing in numerous instances

made self-serving changes that were not in accordance with this Commission's December 20, 2001 Order No. PSC-01-2489-FOF-3I ("December 20 Order"); (iii) that these changes reflected the fact that with the adoption of the ISO structure, all three Applicants would participate as transmission owners (and hence would have a community of interest in retaining as much authority as possible *vis-a-vis* the RTO); (iv) that the Applicants' game plan in this proceeding was plain to see, *viz*: try to get the FPSC to approve the unauthorized changes in the revised GridFlorida documents, which the Applicants would then file at the FERC, maintaining in effect that "the FPSC made us do it";1/ (v) that if FPSC were to take the bait, the result would be a self-defeating and unnecessary jurisdictional turf war between the FERC and the FPSC, with resulting delay, as opposed to the cooperation that the FPSC indicated was its goal in the December 20 Order (p. 28); (vi) that among the areas in which the Applicants made changes unrelated to the findings of the December 20 Order are Attachment N (the Planning Protocol), Attachment T (dealing with Existing Transmission Agreements), Attachment R (Delivery Points), and the Participating Owners Management Agreement ("POMA"); and (vii) that the Commission must be vigilant not to permit markets to begin functioning in Florida until appropriate market power mitigation rules and adequate market monitoring procedures are in place.

1/ The Applicants' intent in this regard is reflected in Tampa's filing of an unexecuted transmission agreement between itself and Calpine at the FERC in Docket No. ER02-1663. In discussing the Applicants' March 20, 2002 compliance filing at the FPSC, Tampa stated as follows: "Whatever modified RTO proposal that the FPSC adopts, of course, will have to be placed before this Commission in the form of further amendments to the amended filing now pending in Docket No. RT01-67-000." (Tampa April 29, 2002 Transmittal Letter, p. 10.)

These post-workshop comments will deal with the presentations made at the May 29 workshop as well as some of the arguments contained in the pre-workshop comments of other intervenors. Seminole is concerned that the Applicants, which made a very abbreviated and general response to the intervenors' comments at the workshop (Tr. 202-30), will file lengthy post-workshop comments to which the intervenors will not have had an opportunity to respond. If that is the case, Seminole reserves the right to file with the Commission for leave to supplement these post-workshop comments.

II. Discussion

A. Attachment N (Planning Protocol)

The intervenors' pre-workshop comments were virtually unanimous in their criticism of the revised Planning Protocol. As noted in those comments as well as at the workshop itself, the Applicants did not simply revise the Planning Protocol to conform to the December 20 Order; they completely rewrote the Planning Protocol in order to reserve more power for themselves. As the intervenors pointed out, there is no basis in the December 20 Order for such a re-write, and the rationale offered by the Applicants that the re-write was dictated by the change from a transco to an ISO does not wash (*see, e.g.*, the Seminole pre-workshop comments at 9-13; FMPA pre-workshop comments at 18-25; Mirant *et al.* pre-workshop comments at 23-32).

At the workshop, the Applicants' spokesperson (Mr. Naeve) took contrary positions. On the one hand, he conceded that the Applicants went "back to the drawing board" (Tr. 33) on the apparent theory that since "GridFlorida will not own assets," it "will require greater cooperation and coordination from asset owners." (Tr. 34) On the other hand, the Applicants' spokesperson protested that the intervenors were "overreacting" as the Planning Protocol really "puts the

responsibility in the RTO, not the hands of the participating owners." (Tr. 222)

The problem with this flip-flop is that if the changes really are not significant, then there is no basis for re-writing the FERC-filed Planning Protocol that emanated from the extended collaborative effort that preceded its filing at FERC in December 2000. Rather, if as Mr. Naeve states, the only purpose of the changes is include "an obligation on the part of the transmissioin owners to coordinate with GridFlorida in the planning process" (Tr. 34), that is already accomplished in the FERC-filed Planning Protocol, and to the extent there is any doubt, it could easily be pinned down in the existing document. Instead, the Applicants have completely re-written the Planning Protocol, not for the purpose of ensuring participating owner coordination at the behest of the RTO, but rather for the purpose of guaranteeing participating owner control of many aspects of the planning process. There is no basis in the Commission's December 20 Order for such radical surgery, and it should be rejected.

At the "suggestion" of Chairman Jaber, the Applicants initiated a supplemental collaborative effort regarding the Planning Protocol. Under the rules established by the Applicants in an e-mail dated May 31, 2002, the intervenors were to communicate to the Applicants by June 5 specific suggested edits to the Planning Protocol, following which there would be a conference call on June 11 to discuss the comments. That procedure was followed (Seminole's comments are appended as Attachment A), with the results being that (i) the Applicants rejected the recommendation of most of the participants to edit the FERC-filed Planning Protocol to accommodate the change from a transco to an ISO; (ii) the Applicants addressed item-by-item the issues raised by the intervenors and agreed to make certain changes (which changes range from superficial to substantive) and refused to make certain other changes

(and gave their reasons); and (iii) the Applicants supplied those changes in an e-mail distributed in the afternoon of Friday, June 14. In the time available, Seminole has reviewed the revised Attachment N (as well as a revised Attachment R 2/), and its preliminary comments regarding revised Attachment N are set forth in Attachment B hereto. (To the extent that further analysis renders additional comments necessary, Seminole will seek leave to file same as promptly as possible.)

B. Attachment T (Existing Transmission Agreements)

Seminole pointed out in its pre-workshop comments (pp. 21-25) that by making a significant unauthorized change to Attachment T regarding the date following which transmission would be deemed to be under the GridFlorida OATT, the Applicants were reneging on a pledge made to the parties and to FERC regarding the termination of pancaking; this 180 degree reversal by the Applicants on pancaking would in turn undermine the economics of an arrangement between Seminole and Calpine, the latter of which was going forward pursuant to a "need" determination by this Commission in 2001.

Under the terms of the Calpine-Seminole arrangement, transmission by Tampa for Calpine from the Osprey Energy Center would begin in mid-2003; Seminole in mid-2004 would designate the Calpine facility a network resource. The issue of pancaking regarding this facility was raised at the FERC, and in a pleading filed last year with the FERC, the Applicants pledged that there would be no pancaking, stating unambiguously as follows:

2/ Seminole's preliminary review of Attachment R indicates that the Applicants made the changes necessary to reflect the conversion from a transco to an ISO, which is what Seminole had urged in its pre-workshop comments (at 29-31).

> To the extent Calpine is a designated network resource to serve Seminole network load under the GridFlorida OATT, no additional transmission charge will apply to transmit power from the Calpine unit to the Seminole network load, i.e., Calpine will not be subject to an additional point-to-point charge for sales from a designated network resource. [February 16, 2001 Answer of GridFlorida Applicants, pp. 116-17.]

This pledge was followed up in the Applicants' May 29, 2001 compliance filing at FERC with specific tariff language in Attachment T that guaranteed the result promised in the Applicants' February pleading.3/

The Calpine arrangement has proceeded on the basis of the above pledges and tariff language - until the March 20, 2002 compliance filing by the Applicants at this Commission. In that filing, as documented in Seminole's pre-workshop comments (p. 24), the Applicants changed the key date in Attachment T so that pancaked revenues would be collected under all transmission arrangements entered into up until January 1 of the year in which the RTO became commercial (versus December 15, 2000, in the FERC filing). Seminole has already shown that the reasons provided for the change in the Applicants' March 20, 2002 compliance filing are without merit (*see* Seminole pre-workshop comments, pp. 24-25), and Seminole will not repeat that discussion here (but simply incorporate it).

In apparent recognition that the reasons set forth in their March 20 compliance filing did not pass muster, the Applicants at the May 29 workshop provided yet another reason for their about-face. Their spokesperson seemed to be under the mis-impression that the December15, 2000 date in the FERC filing was keyed to an identical date for RTO start-up; he stated as follows:

3/ This language is quoted in Seminole's pre-workshop comments at page 24.

> We previously had set these dates to coincide with the start-up date, that anticipated start-up date for GridFlorida, which was initially December 15th, 2000. That was the day specified in Order 2000 by which we had to be up and running. So we used those as the dates for those two definitions. [Tr. 31.]

Later on the same subject, Mr. Naeve stated as follow:

> And a suggestion was made repeatedly that the changing of the date had nothing to do with this process before this Commission. And I would just say that I think it had almost everything to do with the changing of the process before this Commission simply because we had established a date that was identical to the date that we planned on putting the RTO in service, December 15, 2000. [Tr. 229-30.]

The fact of the matter is that the implementation date that the Applicants were originally gunning for (per Order No. 2000) was December 15, 2001, one year after the December 15, 2000 gaming date put into Attachment T, so to the extent that Mr. Naeve believes the dates were "identical," he is mistaken. But frankly the more important point is that even assuming for sake of discussion that Mr. Naeve mis-spoke and he really intended to try to establish linkage between two dates a year apart, such *post hoc* rationalization flies in the face of known facts.

The Applicants made no suggestion in their FERC filings that there was any linkage between the December 15, 2000 date in Attachment T and the hoped-for December 15, 2001 RTO implementation date. Instead, they made clear that the selection of the December 15, 2000 date was "to prevent gaming prior to the date GridFlorida commences operation, *i.e.*, to prevent entities from entering into ETAs prior to GridFlorida operations for the sole purpose of obtaining ETA status."4/ In other words, as of December 15, 2000, all parties were on notice that as to contracts entered into after that date, service would be under the tariff regardless of the

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4/ December 15 Supplemental Compliance Filing of GridFlorida Applicants, Docket No. RT01-67, p. 47.

commercial operation date of GridFlorida (and thus no pancaking would occur). The objective of preventing gaming had everything to do with notice and nothing to do with when GridFlorida became commercial.

Further undermining the "linkage" argument is the fact that by the time of the May 29, 2001 compliance filing containing the key language to preclude pancaking of the Calpine-Seminole arrangement, *no one* expected GridFlorida to become commercial by December 15, 2001; in point of fact, the Applicants themselves noted at the outset of their May 29, 2001 compliance filing that the RTO process in Florida had stopped dead in its tracks. They told the FERC unequivocally that due to the prudence proceeding initiated by the FPSC before the May 29 filing, "the Applicants have suspended their RTO development activities until the potential jurisdictional conflicts are resolved."5/ It was clear to all that the FPSC proceeding would not be resolved quickly.6/ Thus, the GridFlorida Applicants knew full well at the time of their May 29, 2001 compliance filing that commercial operation of GridFlorida by (or even close to) December 15, 2001, was an impossibility. This knowledge was confirmed by subsequent events (*see* note 5, *supra*).

5/ GridFlorida May 29, 2001 Compliance Filing in FERC Docket No. RT01-67, pp. 1-2.

6/ On July 11, 2001, the Applicants filed with the FERC in Docket No. RT01-67 a status report regarding the FPSC prudence proceeding, to which was appended an FPSC order dated June 27, 2001, which (at 5-6) made clear that an order from the FPSC would not be forthcoming until the end of the year, which meant that the Applicants would not be making a compliance filing at the FPSC until sometime in 2002. That is precisely what has transpired: the FPSC issued its order on December 20, 2001, and the Applicants made their compliance filing on March 20, 2002. That compliance filing is now the subject of this proceeding, which has a procedural schedule that anticipates an FPSC order in August 2002.

Once again, the facts show that there is no basis in this Commission's December 20 Order for the attempt to change the key date in Attachment T aimed at preventing pancaking for those transmission contracts post-dating December 15, 2000.

At the May 29 workshop, there was an exchange between Chairman Jaber and Mr. Regnery of Calpine that may have left the record unclear. The exchange was as follows:

> CHAIRMAN JABER: So you are pursuing those discussions [with Tampa] then?
>
> MR. REGNERY: Yes, we are. ..... [Tr. 185.]

So that the record is perfectly clear, there are no ongoing discussions with Tampa (or the other Applicants) on this issue; rather what is ongoing is a proceeding at the FERC (Docket No. ER02-1663) where Tampa filed an unexecuted service agreement between itself and Calpine. The agreement was unexecuted because Tampa refused to agree that when Seminole designates Calpine's Osprey facility a network resource in June 2004, there will be no pancaking. Seminole and Calpine have filed protests in that proceeding, and Tampa has responded. It is clear that Tampa is not going to accede on this issue (which involves all three Applicants), and thus it is incumbent on this Commission to resolve this issue by making clear that the March 20 compliance filing to the extent that it in effect changed the pancaking date in Attachment T went beyond the mandate of the Commission's December 20 Order.

C. Congestion Management

Seminole tried to make clear in its workshop presentation that it was not wedded to either a physical rights or financial rights model for congestion management. Rather, Seminole has three overriding concerns that it believes must be addressed regardless of the congestion

management model adopted. Two of those concerns are that market power mitigation rules and market monitoring procedures be in place *before* any markets are permitted to operate and that congestion management not be viewed as an alternative to effective regional transmission planning. Those subjects are adequately dealt with in Seminole's workshop and pre-workshop comments.

A third observation made by Seminole was that there must be no surprises when the new congestion management plan becomes operational. In other words, load serving entities ("LSEs") that have not historically experienced congestion must not on Day 1 of a new congestion management scheme be subject to congestion charges. Seminole is aware that in other regional transmission areas where new congestion management schemes have been implemented, customers have had to absorb for the first time substantial congestion charges.7/

Seminole suggested at the May 29 workshop that one means of avoiding such surprises was to make sure that adequate transmission rights (be they physical or financial) are distributed to LSEs before the congestion management scheme begins to operate. Seminole believes that such distribution plan must be based on the allocation of such rights, versus an auction approach. The Applicants seem to agree with Seminole (Tr. 216-19).

One speaker at the workshop (the representative for Reliant) advocated the use of an

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7/ *See Old Dominion Elec. Coop. v. PJM Interconnection LLC*, 92 FERC ¶ 61,278 (2000). The table at page 4 of the FERC March 15, 2002 Working Paper in Docket No. RM01-12 shows congestion costs in New York alone of approximately $1.2 billion (in comparison to total transmission revenue requirements in New York of $979 million).

auction approach.8/ Seminole responds below to that suggestion.

There are several significant problems with an auction approach. First, at the initiation of a new congestion management scheme, there is no sound basis for valuing the transmission rights. Second, since Seminole has resources and load spread throughout the State, the valuation process is greatly complicated, *e.g.*, how does Seminole have any idea what value to place on the rights to get its power from multiple resources to multiple load centers; this would be true even without consideration of the varying flows generated by other LSEs in the State minute to minute, but when you add that complication to the mix, the task of trying to value transmission rights from multiple resources to about 140 delivery points becomes more than daunting - it becomes nigh impossible. Mr. Orr's observation (Tr. 180) that "[a]s long as they're bidding just what they need based on their anticipated flow across that flowgate, they're going to get their money back one for one" underscores the problem. There is no way that Seminole would know what it needs to bid given the complexity of its own operation, not to mention the increased complexity resulting from the impact on Seminole's operations of the minute-to-minute actions of other utilities in the State. The marketers assume too much in their effort to sell the Commission on the benefits of an auction for distributing primary transmission rights (versus an auction in the secondary market, which Seminole supports).

Finally, if (for the reasons noted above) Seminole bids incorrectly and does not secure the needed transmission rights to avoid congestion charges, what guarantee does it have that it will

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8/ Tr. 177-81. That speaker (John Orr) was participating on the panel consisting of Mirant Americas Development, Inc., Duke Energy North Americal, LLC, Calpine Corporation, and Reliant Energy Power Generation, Inc. ("Joint Commenters").

be kept financially indifferent? The short answer is none. Mr. Orr's statement (Tr. 180) that "[t]hey're going to get all the money back, if they bought what they needed" ensures that entities like Seminole will not get their money back, because it is a virtual certainty that Seminole would not buy precisely what it needed since no one has demonstrated how one determines "need" in a complex electric system with resources and load spread throughout the State.

Thus, Seminole believes that while auctions may work fine for secondary-market purposes, they should not be used for distributing transmission rights in the primary market. There needs to be an allocation plan that ensures that LSEs like Seminole are able to get power from resources to load without incurring millions of dollars worth of new costs, either in the form of auction payments or congestion charges due to the absence of the necessary transmission rights. It is also important that the allocation process be sufficiently flexible so as to provide for changes in resources and for load growth over time. The case for an auction has not been made in the Florida market.

D. Long-Term Generation Adequacy

Attachment W of the Applicants' filing contains (in very summary fashion) certain principles involving installed capacity and energy requirements. Seminole (and others) have maintained that the FPSC has done an admirable job over the years regarding generation adequacy in the State and that there was no basis for replacing the FPSC with the RTO and/or FERC (*see, e.g.*, Seminole pre-workshop comments at 15-16).

The Applicants' spokesperson at the workshop appeared to agree with intervenors that there was no need to replace the FPSC in this important role (Tr. 219). Thus, assuming that the FPSC agrees to continue in this role, at least one issue seems to have been removed from the host

of issues before the FPSC in this proceeding. Attachment W should be ordered to be withdrawn.

E. Reliability

Seminole and its member systems have made clear in their respective comments that the reliability sections of the Applicants' Operating Protocol (namely, Sections I.D.3 and 4) are glaringly discriminatory against distribution cooperatives and grossly preferential in favor of the Applicants. This is so because rather than emphasizing bringing those delivery points experiencing poor reliability up to snuff, the referenced sections of the Operating Protocol emphasize ensuring that existing reliability is maintained (which by definition provides preferential treatment to the Applicants).9/

Mr. Naeve responded at the May 29 workshop by maintaining that "[o]ne important feature is that we require the RTO to address each year the worst reliability situations, the delivery points where reliability is the lowest." (Tr. 225) That simply is not accurate. As detailed in the Attachment to the pre-workshop comments of the Seminole Member Cooperatives, virtually all of the focus in the Operating Protocol is on retaining the existing reliability superiority of the Applicants; the one bone thrown to the smaller, rural systems relates to the use of the CAIDI reliability standard, but the limitation to the worst 3% under that standard means that it could be years before any relief is felt by those most in need of greater reliability.

In short, the Applicants have not addressed in a meaningful fashion the reliability issue; one significant step in the right direction would be to remove the population bias from the

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9/ *See* Seminole pre-workshop comments at 28-29; Seminole Member Cooperative pre-workshop comments at 3-4 and Attachment.

application of the SAIFI reliability index.

F. 69 kV Bright Line Test for RTO Facilities

The Applicants have made it clear in their filing at FERC and at the FPSC that Operational Control of all 69 kV and above facilities of participating owners (*i.e.*, "Controlled Facilities") must be turned over to GridFlorida (POMA, Section 3). Several parties would like to substitute a functional test for the bright line test in the Applicants' filing.10/ Seminole supports the bright line test.

The problems with the functional test are numerous. First, there is the problem pointed out by Mr. Naeve, which is that the Applicants did not want to have "to look at every single facility and make a case for whether that particular facility is transmission or is not transmission." (Tr. 228)

Secondly, and more importantly to Seminole, there was real concern that if the Applicants were permitted to withdraw (*i.e.*, functionalize) some of their 69 kV facilities, Seminole would wind up paying pancaked rates to transmit power across first the RTO Controlled Facilities and then across the 69 kV facilities of FPL or FPC that were withheld from the RTO. This would undermine a primary objective of Order No. 2000, which is to invigorate a competitive wholesale generation market by eliminating rate pancaking.11/

10/ *See, e.g.*, pre-workshop comments of Reedy Creek at 4-7; pre-workshop comments of FMG at 16-19.

11/ Order No. 2000, *Regional Transmission Organizations*, FERC Stat. & Reg. (Reg. Preambles, 1996-2000) ¶ 31,089 at p. 31,173 (1999); *on reh'g*, Order No. 2000-A, FERC Stat.& Reg. (Reg. Preambles, 1996-2000 ¶ 31,393 (2000); *see id.* at pp. 30,999, 31,004, 31,024, and 31,025.

Thus, if the issue were as simple as letting Reedy Creek or another such entity keep its facilities out of the RTO, that would be one thing; but the issue is more complex than that, which is why Seminole continues to support the approach sponsored by the Applicants, which was approved by the Commission in its December 20 Order.12/

12/ December 20 Order, *mimeo.* at p. 19.

III. Conclusion

Seminole respectfully requests that the Commission take Seminole's concerns, expressed in its pre-workshop comments, its workshop presentation, and above, into consideration in its disposition of the GridFlorida Applicants' March 20, 2002 compliance filing and that it reject those numerous aspects of the compliance filing that are not directly responsive to the Commission's December 20 Order.

Respectfully submitted,

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June 21, 2002

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ATTACHMENT A

Attachment A

Comments of Seminole Electric Cooperative
and Seminole Member Systems
Regarding Planning Protocol
(June 5, 2002)

The following comments are being submitted on behalf of Seminole Electric Cooperative, Inc ("Seminole") and the ten Seminole Member Systems. References herein to Seminole includes both Seminole and the Member Systems.

1. The Applicants have failed to justify their departure from the planning protocol filed with the FERC in their May 29, 2001 compliance filing in Docket No. RT01-67. That protocol was the result of an extensive collaborative effort, and was substantially approved by the FERC. Thus, the fundamental issue that needs to be addressed by the Applicants is why they are unable to make discrete changes to the FERC-filed planning protocol to achieve the goals set forth by the FPSC in its December 20, 2001 order.

2. Seminole observes that the pre-workshop comments of the Joint Commenters (Mirant et al.), FMPA, and Seminole all pointed out numerous deficiencies in the planning protocol filed on March 20, 2002 in the FPSC proceeding. These deficiencies underscore that the correct fix is reverting to the FERC-filed planning protocol rather than trying to make massive changes to the FPSC-filed planning protocol. The comments supplied below are offered in an effort to diminish the problems with the FPSC-filed planning protocol, not with the idea that it can be made an adequate substitute for the FERC-filed planning protocol.

3. Specific comments regarding the FPSC-filed planning protocol:

    a. Section VIII is symbolic of the problems underlying the planning protocol, and it should be deleted virtually in its entirety. The POs should be prepared to provide the Transmission Provider whatever assistance it wants, but Section VIII attempts to assign to the POs certain designated planning responsibilities and to establish an Ad Hoc Working Group with assigned tasks. This is inappropriate. The POs (like all impacted shareholders) should assist the Transmission Provider in whatever manner the Transmission Provider deems appropriate, and Section VIII should so provide.

    b. Section II provides that "The Transmission Provider shall be organized to engage in such planning activities as are necessary to fulfill its obligations under the PO Management Agreement and this Tariff." The entire planning responsibilities should be set forth in the Tariff, not in the POMA. (Additionally, the change in wording in the POMA, Section 6.4, to insert the notion of "collaboration" is an

inappropriate effort to elevate the status of the POs in the planning process.)

c. Pending the outcome of disputes that go to dispute resolution, the Transmission Provider should prevail, not the PO. Thus, POMA Section 6.3 and planning protocol Section V (second paragraph) should be amended accordingly.

d. The requirement in Section V that the Transmission Provider "form, chair, and direct the activities of an Ad Hoc Working Group that includes representatives of all affected POs" which in turn "shall develop expansion alternatives, perform the described studies, and develop the resulting options and costs, ..." is inappropriate. The Transmission Provider must have the discretion to determine how best to proceed to resolve transmission constraints, in coordination with the Planning Committee. To the extent that the Transmission Provider desires to form ad hoc working groups (with whatever members it feels are appropriate), it may do so, but it is not required to do so. These provisions must be struck. (As to physical ratings addressed in Section V, see item 3.c, above.)

e. In Section IV, fourth sentence, the phrase "shall consult" should be changed to "may consult."

f. Section VII contains a PO right of first refusal that Seminole believes will undermine competitive bidding for major new transmission facilities; this should be deleted. Section VII also provides for POs whose facilities are to be impacted by the construction of facilities to be the parties responsible to construct, own, and maintain such facilities; since in some instances delay may be in the best interests of a given PO, there needs to be provision for the Transmission Provider to ensure that POs perform in a timely fashion.

g. Section X is inappropriate and should be struck. It will be up to the Transmission Provider to determine how to facilitate coordination internally.

4. The above list of infirmities with the planning protocol is not inclusive but rather represents a best efforts approach in the limited time available to provide the Applicants with helpful suggestions.

M:\Clients\19150\FPSC\060502 Planning Protocol comments.wpd

Attachment A

Comments of Seminole Electric Cooperative
and Seminole Member Systems
Regarding Planning Protocol
(June 5, 2002)

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    b. Section II provides that "The Transmission Provider shall be organized to engage in such planning activities as are necessary to fulfill its obligations under the PO Management Agreement and this Tariff." The entire planning responsibilities should be set forth in the Tariff, not in the POMA. (Additionally, the change in wording in the POMA, Section 6.4, to insert the notion of "collaboration" is an

inappropriate effort to elevate the status of the POs in the planning process.)

c. Pending the outcome of disputes that go to dispute resolution, the Transmission Provider should prevail, not the PO. Thus, POMA Section 6.3 and planning protocol Section V (second paragraph) should be amended accordingly.

d. The requirement in Section V that the Transmission Provider "form, chair, and direct the activities of an Ad Hoc Working Group that includes representatives of all affected POs" which in turn "shall develop expansion alternatives, perform the described studies, and develop the resulting options and costs, ..." is inappropriate. The Transmission Provider must have the discretion to determine how best to proceed to resolve transmission constraints, in coordination with the Planning Committee. To the extent that the Transmission Provider desires to form ad hoc working groups (with whatever members it feels are appropriate), it may do so, but it is not required to do so. These provisions must be struck. (As to physical ratings addressed in Section V, see item 3.c, above.)

e. In Section IV, fourth sentence, the phrase "shall consult" should be changed to "may consult."

f. Section VII contains a PO right of first refusal that Seminole believes will undermine competitive bidding for major new transmission facilities; this should be deleted. Section VII also provides for POs whose facilities are to be impacted by the construction of facilities to be the parties responsible to construct, own, and maintain such facilities; since in some instances delay may be in the best interests of a given PO, there needs to be provision for the Transmission Provider to ensure that POs perform in a timely fashion.

g. Section X is inappropriate and should be struck. It will be up to the Transmission Provider to determine how to facilitate coordination internally.

4. The above list of infirmities with the planning protocol is not inclusive but rather represents a best efforts approach in the limited time available to provide the Applicants with helpful suggestions.

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ATTACHMENT B

Attachment B

Comments of Seminole Electric Cooperative
and Seminole Member Systems
Regarding Revised Planning Protocol
(June 21, 2002)

The following comments are being submitted on behalf of Seminole Electric Cooperative, Inc ("Seminole") and the ten Seminole Member Systems. References herein to Seminole include both Seminole and the Member Systems.

1. The Applicants have failed to justify their departure from the planning protocol filed with the FERC in their May 29, 2001 compliance filing in Docket No. RT01-67. That protocol was the result of an extensive collaborative effort, and was substantially approved by the FERC. The Applicants have been unable to justify their refusal to make discrete changes to the FERC-filed planning protocol to achieve the goals set forth by the FPSC in its December 20, 2001 order.

2. Set forth below are specific (albeit preliminary) comments regarding the revised Attachment N distributed by the Applicants by email on the afternoon of Friday, June 14. Seminole reserves the right to seek leave to supplement these comments upon further review.

   a. Section VI ("Resolution of Transmission Constraints") provides that in the event of a dispute on a rating between the Transmission Provider and PO that goes to dispute resolution, the PO's view prevails pending the outcome of dispute resolution. Section X ("Planning and Facilities Standards") provides that in the event of a dispute between the Transmission Provider and the PO regarding the appropriate planning, design or construction criteria, the PO's criteria prevail pending the outcome of the dispute. This is unacceptable and invites disputes and delay. The Transmission Provider is "responsible for performing the planning function for the Transmission System" (Section I), and its views on these matters should prevail in the event of a dispute pending the outcome of dispute resolution.

   b. Section VIII ("Construction of Facilities Identified by GridFlorida") provides in the next to last paragraph as follows:

      > The construction of any major new transmission facilities shall be competitively bid by the entity responsible for owning such facilities. The Transmission Provider shall have the right to participate in the review and selection of the bids, costs and construction schedules associated with the

> construction of any major new transmission facilities. To the extent that the Transmission Provider and the PO are unable to agree on any aspect associated with the construction of the major new transmission facilities, such dispute shall be submitted to the dispute resolution process for resolution. The PO shall have the right to construct the required facilities by matching the lowest bid for construction of the required facilities.

There are several significant problems with this language. First, the competitive bid process should be run by the Transmission Provider (not "by the entity responsible for owning such facilities"). The Transmission Provider has no axe to grind in this process and is the logical, neutral party to oversee the process. Second, to the extent that the Transmission Provider and the PO are unable to agree on any aspect associated with the construction of major new facilities, there should be a presumption that the Transmission Provider is correct unless the PO is able to demonstrate that the Transmission Provider plans to proceed in a manner inconsistent with prudent utility practice. And, third, the PO must not have a right of first refusal (ROFR) to match the lowest bids; anyone the least bit familiar with such bidding processes knows that providing the PO with such a right will undermine the process (many bidders simply will not participate in any process where such a ROFR exists).

c. Section IX ("Coordination Between the Transmission Provider and POs, and Obligation of POs To Support the Transmission Provider") is less objectionable than previously but still unacceptable in its attempt to insert the POs in the planning process without regard to whether they are needed by the Transmission Provider. In the first paragraph, everything after the first sentence should be deleted or alternatively change "shall" in the second and fourth sentences of the first paragraph to "may." The Transmission Provider must determine the amount of coordination that is needed to get the job done and whether working groups would be helpful in a given situation.

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