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FLORIDA PUBLIC SERVICE COMMISSION

Fletcher Building
101 East Gaines Street
Tallahassee, Florida 32399-0850

M E M O R A N D U M

June 14, 1990

TO: CHAIRMAN WILSON
COMMISSIONER BEARD
COMMISSIONER EASLEY
COMMISSIONER GUNTER

FROM: DIVISION OF ELECTRIC & GAS (DEAN) J.W.D. RT

RE: OPTIONS FOR INCORPORATING GULF POWER INTO STATEWIDE PLANNING FOR DESIGNATING THE NEXT AVOIDED UNIT 900004-EU 900004-EU-A

At the May 25, 1990, agenda conference the Commission voted to change its vote in Docket 890004-EU to designate a 1996 coal fired unit as the avoided unit. At that time, staff was directed to provide the Commissioners with a list of options and implications of including Gulf Power in the statewide plan such that Gulf would have to purchase firm capacity and energy based on the statewide avoided unit.

With regard to the current statewide avoided unit, a 1996 coal unit, Gulf can not be reguired to offer a standard offer tariff based on this unit. This is due to the fact that the Commission approved the separation of Gulf and peninsular Florida utilities prior to the start of the APH process and no record exists in Docket 890004-EU to include them.

However, the Commission could approve a new work plan for the FCG and require Gulf to be included in the development of a statewide generation/expansion plan (GEP). This process would take approximately six to nine months just to develop the GEP. Additionally, before the Commission decided to take any policy actions, a hearing would have to be conducted with the accompanying discovery, recommendations, and motions for reconsiderations. This would take another 8 to 12 months. In other words, to do a full blown planning hearing from start to finish would take approximately 18 to 24 months.

Another approach that could be used is to procedurally conduct a hearing but eliminate the 9 months of work by the utilities and FCG to produce the various GEPs used in the Avoided Unit Study and Long Range Planning Study. In lieu of this, Staff would propose that the Ten-Year Site Plan information, which is submitted annually, be used to conduct a "mini-APH". Under this approach, all of the utilities Ten-Year Site Plans would be aggregated and

based on a reserve margin criteria capacity needs by year could be identified. Attachment A shows the result of this approach using the April, 1990 Ten-Year Site Plans. The major difference between this abbreviated planning hearing and the FCG GEPs would be using a reserve margin criteria and not attempting to minimize revenue requirements as a criteria for selecting the next generation units.

Recall, during the last two planning hearings, the Commission selected an avoided unit based on policy considerations, not based on the sequence of units that were developed in the GEP based on minimization of revenues. There is no assurance that a FCG type GEP would produce a coal-fired unit, since unit selection is guided by reliability criteria and minimization of revenue requirements.

Staff believes this latter "mini-APH" would provide a great deal of flexibility to the Commission in selecting an avoided unit(s), would more quickly integrate Gulf Power into the state plan, would permit the prompt implementation of the new cogeneration rules, and would save substantial resources for both utility and staff by eliminating the two year FCG study.

One item you should be aware of under any option that includes Gulf in statewide planning is the transmission constraints that exists between panhandle Florida and peninsular Florida. If Gulf is required to purchase QF power under a statewide standard offer and it is not needed in Gulf's territory, Gulf may not be able sell the excess power to a peninsular utility without displacing firm coal-by-wire or economy imports. While this constraint may be eased after 1994 as firm purchases from the Southern Company ramp down, it is a real constraint now and Gulf's ratepayers would bear the cost in the interim. Also, The IIC calculations between the Southern companies do not count firm QF capacity as native resource until capacity is needed for the entire Southern system. Thus, it is unclear if Gulf would be compensated for this capacity under the IIC.

If you have any questions or would like to discuss this further, please contact me.

JWD:jbw

cc: ✓Steve Tribble
David Swafford
Bill Talbott
Joe Jenkins
Bob Trapp
Mike Palecki

vs# 0756e

STATE OF FLORIDA
FORECAST OF CAPACITY and DEMAND AT TIME OF WINTER PEAK
(Including Gulf Power Company) (1)

YEAR	TOTAL INSTALLED CAPACITY MW (2)	NON-UTILITY GENERATORS MW (3)	NET FIRM CAPACITY IMP/(EXP) MW	TOTAL AVAILABLE CAPACITY MW	TOTAL FIRM PEAK DEMAND-MW	INTERR. DEMAND MW	LOAD MGMT. MW	NET FIRM PEAK DEMAND-MW	RESERVE MARGIN MW	RESERVE MARGIN % OF PEAK	ANNUAL ADDITIONAL CAPACITY FOR 20% RESERVE MARGIN	CUMULATIVE ADDITIONAL CAPACITY FOR 20% RESERVE MARGIN
1990 / 91	33653	223	2355	36231	32417	668	993	30756	5475	17.8	676	676
1991 / 92	33643	223	2334	36200	32807	749	1185	30873	5327	17.3	171	848
1992 / 93	33616	411	1907	35934	33982	851	1381	31750	4184	13.2	1319	2166
1993 / 94	34164	931	1622	36717	35173	868	1569	32736	3981	12.2	400	2567
1994 / 95	34549	931	1455	36935	36399	920	1751	33728	3207	9.5	972	3539
1995 / 96	34934	1266	1315	37515	37585	923	1913	34749	2766	8.0	644	4183
1996 / 97	34901	1266	1317	37484	38729	928	2078	35723	1761	4.9	1200	5383
1997 / 98	34901	1266	1318	37485	39794	932	2145	36717	768	2.1	1192	6575
1998 / 99	34871	1266	1320	37457	40893	936	2195	37762	-305	-0.8	1282	7857
1999 / 00	34856	1266	1323	37445	41975	937	2245	38793	-1348	-3.5	1249	9106

(1) DATA SOURCE: Summary of data from utilities' 1990 Ten-Year Site Plans

(2) Installed Capacity = existing capacity - loss due to unit retirement + unit additions certified by the FPSC

(3) Firm cogeneration capacity (Contracts approved by the FPSC)

STATE OF FLORIDA
FORECAST OF CAPACITY and DEMAND AT TIME OF SUMMER PEAK
(Including Gulf Power Company) (1)

YEAR	TOTAL INSTALLED CAPACITY MW (2)	NON-UTILITY GENERATORS MW (3)	NET FIRM CAPACITY IMP/(EXP) MW	TOTAL AVAILABLE CAPACITY MW	TOTAL FIRM PEAK DEMAND-MW	INTERR. DEMAND MW	LOAD MGMT. MW	NET FIRM PEAK DEMAND-MW	RESERVE MARGIN		ANNUAL ADDITIONAL CAPACITY FOR 20% RESERVE MARGIN	CUMULATIVE ADDITIONAL CAPACITY FOR 20% RESERVE MARGIN
									MW	% OF PEAK		
1990	32393	223	2358	34974	29760	705	513	28542	6432	22.5	-723	-723
1991	32384	223	2336	34943	30517	774	640	29103	5840	20.1	704	-19
1992	32358	411	2293	35062	30984	864	785	29335	5727	19.5	160	140
1993	32908	931	1423	35262	31930	882	928	30120	5142	17.1	742	882
1994	33293	931	1256	35480	32796	900	1071	30825	4655	15.1	628	1510
1995	33678	1266	1315	36259	33792	951	1212	31629	4630	14.6	185	1695
1996	33646	1266	1315	36227	34649	955	1351	32343	3884	12.0	889	2584
1997	33646	1266	1317	36229	35464	959	1441	33064	3165	9.6	863	3447
1998	33618	1266	1318	36202	36321	962	1478	33881	2321	6.9	1007	4455
1999	33604	1266	1320	36190	37199	966	1511	34722	1468	4.2	1021	5476

(1) DATA SOURCE: Summary of data from utilities' 1990 Ten-Year Site Plans

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